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KEY TO ADVANCED ACCOUNTS

BY
R A GOODMAN.

FIFTH EDITION



LONDON
SIR ISAAC PITMAN &

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THE PAPER AND BINDING OF
 THIS BOOK CONFORM TO THE
 AUTHORIZED ECONOMY STANDARDS

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PREFACE

THIS Key has been prepared for the purpose of giving assistance to teachers and students in the correction of work. All practical exercises have been *adequately* worked.

Economy has been effected by the omission of folios and minor Ledger accounts. Narrations for Journal entries have been made only where such have been asked of the examinee.

In a few cases questions have been passed over by a reference to the textbook as it has been thought unnecessary to duplicate information contained in *Advanced Accounts*.

Every care has been taken to ensure that adequate and accurate working which may reasonably be expected in a book of this kind if it is to save the teacher and the student disappointment.

The present (fifth) edition is based on the completely revised and re set edition of *Advanced Accounts* first issued in 1942.



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KEY TO ADVANCED ACCOUNTS

EXERCISE I—No 1.

JOURNAL ENTRIES

			£	s	d	£	s	d
19	(a) Jan 15	Office Furniture and Fittings etc.—new To Office Furniture and Fittings etc.—old Exchange of 3 carpets valued £4 each for 2 office desks worth £12	12	-	-	12	-	-
19	(b) Jan 17	Office Furniture and Fittings etc.—new To Office Furniture and Fittings etc.—old Exchange of office safe valued £20 for typewriter worth £25	25	-	-	20	-	-
"	17	Office Furniture and Fittings etc.—old To Gain on Sale/for Exchange of Furniture etc. For adjustment of value for which old furniture was exchanged	5	-	-	5	-	-
			£42	-	-	£42	-	-

EXERCISE I—No 2

PURCHASES BOOK

			£	s	d	£	s	d
19	Jan 1	A Brown— 20 Bags of Coffee Less 10% trade discount	81	8	-			
"	5	R Smith & Co— 12 cases of Sugar Less 12½% trade discount	48	6	-	72	18	-
"	9	T Titus— 6 chests of Tea Less 20% trade discount	45	9	-	42	14	-
"	15	O Omicron & Son— 20 bags of Coffee Less 7½% trade discount	80	6	-	36	12	4
"	23	P Peters Ltd— 20 cases of Sugar Less 5% trade discount	61	3	-	74	15	5
"	27	L Lucas— 12 bags of Cocoa Less 25% trade discount	38	9	-	57	19	-
						28	14	6
						£313	13	3

EXERCISE I—No. 3.

JOURNAL ENTRIES
(P SMITH'S BOOKS)

(1)

19..		£	s	d	£	s	d
Feb 1	J Swift	580	-	-	580	-	-
	To Sales						
" "	Bills Receivable	450	-	-	450	-	-
	To J Swift						
	For bills of exchange of £250 and £200 for periods of two and four months respectively						
" "	J Swift	8	16	8			
	To Commission				4	10	-
	1% of £450				1	13	4
	To Discount						
	4% of £250 for two months				2	13	4
	To Discount						
	4% of £200 for four months						
" "	Cash	138	16	8	138	16	8
	To J Swift						
	£130 as agreed and £8 16s 8d (the amount of the commis- sion and discounts)						
		£1 177	13	4	£1 177	13	4

LEDGER

JOHN SWIFT

Dr (1)

(1) Cr

19		£	s	d	19		£	s	d
Feb 1	To Sales	580	-	-	Feb 1	By Bills Receivable	450		
" "	To Commission	4	10	-	" "	Cash	138	16	8
" "	To Discount	4	6	8					
		£588	16	8			£588	16	8

EXERCISE I—No 4

RECONCILIATION STATEMENT

	£	s	d	£	s	d
Bank Balance as per Pass Book				205	15	5
Add cheques paid in NOT credited—						
Plumer	98		2			
Methuen	208	16	4			
Cronje	84	14	9			
				391	11	3
Deduct cheques paid away NOT yet presented—				597	6	8
Chernside	41		10			
Hunter	101	4	8			
				142	5	6
Bank Balance as per Cash Book 31st Dec				£455	1	2

EXERCISE I—No 5

BANK RECONCILIATION STATEMENT

	£	s	d
Balance shown in Bank Sheet	1 123	4	7
Add cheques paid in NOT credited	72		8
	1 195	5	3
Less cheques unrepresented	240	6	2
Balance as Cash Book (a)	954	19	1
Add Amounts not posted to Cash Book	20	14	4
Balance as Cash Book (b)	975	13	5
Less amounts not posted to Cash Book	2	6	8
	£973	6	9

(a) After adjustment of omitted items

(b) The Cash Book balance should have been £973 6s 9d and not £968 3s 2d as stated in the question

There is thus a difference of £5 3s 7d which should be located by a check of the entries in the bank columns of the Cash Book with the entries on the Bank Sheets

Note: The question does not seem to be perfectly clear as regards the term of Bank Interest. It is intended to be a charge and not an allowance: the difference will be £9 16s 11d

EXERCISE I—No 6.

Dr

PETTY CASH BOOK OF W MEARS

Cr

Cash Received			Date	Particulars	Cash Paid			Trade Expenses			Office Expenses			Postage			Travelling Expenses		
£	s	d			£	s	d	£	s	d	£	s	d	£	s	d	£	s	d
100			Jan 27	To Bank By Sundry Payments (a)	84	8	10												
74	8	10	7	To Bank By Balance c/d	100			50	2	1									
£184	8	10			184	8	10												
100			9	To Balance b/d By Sundry Payments	76	9	8												
76	9	8	14	To Bank By Balance c/d	100			48											
£176	9	8			176	9	8												
100			6	To Balance b/d By Sundry Payments	89		11												
9	6	11	21	To Bank By Balance c/d	100			74	4	7									
£189	6	11			189	6	11												
100			23	To Balance b/d By Sundry Payments	90	4	2												
0	4	2	28	To Bank By Balance b/d	100			52	1	9									
£190	4	2			190	4	2												
100			9	To Balance b/d															

a In practice, each item would be enumerated as under—
By Trade Expenses—
Office
Postage
Travelling

a In practice, each item would be enumerated as under—

By Trade Expenses—
Office
Postages
Travelling

EXERCISE I—No 7

See *Advanced Accounts* page 6 (under Present day Use of Journal)
Books in daily use in the Counting house of a City Warehouseman are as enumerated below—

(1) Ledger (2) Cash Book (3) Purchases Book (4) Sales Book (5) Returns Books (a) In, (b) Out] (6) Bills Books [(a) Receivable (b) Payable]

EXERCISE I—No 8

SALTS BOOK

19		£	s	d
July 1	A Bunn— 1 bale Stuff Goods (20 pieces each 2½ yds @ 9d a yard)	18	15	

Terms 1 month 6% prompt Cash

CASH BOOK
(DEBIT SIDE)

		Discount			Cash		
		£	s	d	£	s	d
19							
Aug 1	To A Bunn	1	2	6	17	12	6

EXERCISE I—No 9

See *Advanced Accounts* Chapter IX

EXERCISE I—No 10

JOURNAL OF JOHN FARMER WOOD MERCHANT

		£	s	d	£	s	d
(a)	Commission Account <i>Dr</i> To Mr Low 2½% of £9 342 6s 6d	233	11	2	233	11	2
(b)	Solicitor's Charges <i>Dr</i> Cash To H Smith Settlement of H Smith Account	9 78	4 6	6 2	87	10	8
(c)	Sundry Assets Account <i>Dr</i> To D Harris Second hand car purchased from D Harris (debtor)	40			40		

EXERCISE I—No. 11.

A reference to *Advanced Accounts*, pages 3 to 5, will give the necessary information on the question

EXERCISE I—No. 12.

The books generally used in a Merchant's Office are as follows—

- | | |
|---------------------------|-------------------------------|
| (1) Journal | (6) Bank Cash Book |
| (2) Purchases Book | (7) Petty Cash Book (Imprest) |
| (3) Sales Book | (8) Bills Receivable Book |
| (4) Returns Inwards Book | (9) Bills Payable Book |
| (5) Returns Outwards Book | (10) Ledger |

The Cash Book ruling recommended is as example in Chapter IX of *Advanced Accounts*

EXERCISE I—No. 13

JOURNAL ENTRIES

		£	s	d	£	s	d
19 July 5	J Smith To Bills Payable For acceptance at 3 mos dated 1st July	147	10	—	147	10	—
.. 5	Bills Receivable To Wm Dart For acceptance at 2 mos dated 2nd July	126	4	—	126	4	—
		£273	14	—	£273	14	—

PURCHASES BOOK

		£	s	d
19 July 7	Wallace & Co — 20 bales Fancy @ £25 a bale . . .	500	—	—

SALES BOOK

		£	s	d
19.. July 2	P Jones— 12 pieces Tapestry (240 yds @ 1/9) . . .	21	—	—
.. 10	F Humble— 20 pieces Fancy @ £35 a piece . . .	700	—	—
		£721		

EXERCISE I—No 13 (contd)

TRIAL BALANCE

	£	s	d	£	s	d.
Purchases	500	—	—			
J Smith	147	10	—			
Bill's Receivable	126	4	—			
W Smith	56	14	—			
F Humble	700	—	—			
Salaries	12	10	6			
Bills Payable				147	10	—
J Brown				89	10	—
Sales				1,007	1	
Discount				12	13	6
Wm Dart				126	4	
Bank Overdraft				160	—	
	£1 542	18	6	£1 542	18	6

EXERCISE I—No 14

JOURNAL ENTRIES

19		£	s	d	£	s	d.
Jan-Dec	Purchases Account	12 310	—	—	12 310	—	—
	To Sundry Creditors						
	Sundry Debtors	15 627	—	—	15 627	—	—
	To Sales Account						
	Returns Inwards Account	248	—	—	248	—	—
	To Sundry Debtors						
	Sundry Creditors	340	—	—	340	—	—
	To Returns Outwards Account						
		£ 28 525	—	—	£ 28 525	—	—

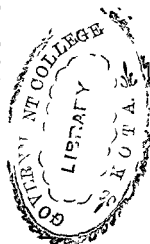
EXERCISE I—No 14 (cont'd)

Dr

CASH BOOK

Cr

19 Jan Dec	To Balance " Sundry Debtors " Deposit Account " Interest	£ 225 14 250 1 500 100	s — — — —	d — — — —	19 Jan Dec	By Sundry Creditors Jas. Thompson A. Clark Interest Wages Salaries Freight Repairs Balance c/d	£ 10 600 2 500 500 225 750 4 40 255 90 695	s — — — — — — — — — —	d — — — — — — — — — —
		£16 075					£16 075		



EXERCISE I—No 14 (contd.).

OPENING ENTRIES

19.		£	s	d	£	s	d
Jan 1	Bank	225	—	—			
	Stock	6 000	—	—			
	Warehouse	1 500	—	—			
	Deposit Account	2 500	—	—			
	To Jas Thompson				4 000	—	—
	" Capital Account				6 225	—	—
		£ 10 225	—	—	10 225	—	—

TRIAL BALANCE

	£	s	d	£	s	d
Purchases	12 310	—	—			
Debtors	899	—	—			
Returns Inward	248	—	—			
Discount	230	—	—			
Interest	125	—	—			
Deposit Account	1 000	—	—			
Stock	6 000	—	—			
Bank	695	—	—			
Warehouse	1 500	—	—			
Trade Expenses	1 515	—	—			
A. Clark	500	—	—			
Sales				15 627	—	—
Creditors				1 370	—	—
Returns Outward				340	—	—
Jas Thompson				1 500	—	—
Capital				6 225	—	—
	£ 25 062	—	—	25 062	—	—

EXERCISE VIII—No. 12

Dr.

L LOCKE IN ACCOUNT CURRENT WITH K KAY

Cr.

Date.	Particulars	Due Date	Amount	Days	Pro ducts	Date	Particulars	Due Date	Amount	Days	Pro ducts.
19 Jan 1	To Balance	Jan 1	£ 125 15	3	£ 11,340	19 Feb 10	By Cash	Feb 10	£ 70	—	£ 3 490
Feb 12	" Goods	Feb 12	62 10	6	2 961	Mar 18	" B/E	Mar 18	65	—	845
Mar. 31	" Balance of Interest ($\frac{9610 \times 10}{76,000}$)	Mar 5	1	6		Mar 5	" Expenses	Mar 5	15	3	416
		" 31		4		"	" Postages	"	1	2	
						"	" Commission	"	1	6	
						"	" Balance of Products	"	36	10	9 610
			£ 289	12	£ 14,301	"	" Balance c/d	"	—	—	
				1					£ 189	12	£ 14 301

EXERCISE VIII—No 13

Dr.

N NEWTON, MANCHESTER, IN ACCOUNT CURRENT WITH O OLDHAM, BOMBAY

Cr.

Date	Particulars	Due Date	Amount	Days	Pro ducts	Date	Particulars	Due Date	Amount	Days	Pro ducts
19 Jan 27	To Net Proceeds of A/S of Cotton	Mar 15	£ 1,617	14	£ 119 792	19 Jan 1	By Balance	Jan 1	£ 753	2	£ 1 490
May 24	" Net Proceeds of A/S of Cotton	June 15	606	8	100,596	" 22	" Cash	Mar 22	27	10	1616
						" 29	" Acceptance	Mar 3	250	—	15,900
						Feb 12	" Cash	Feb 12	106	6	4 601
						Mar 28	" Acceptance	Mar 31	250	—	22 800
						Mar 31	" Cash	Apr 11	250	30	30 750
						Apr 11	" Cash	May 3	152	21	15 352
						May 13	" Cash	May 13	236	12	91 521
						June 20	" Bal of Principal (A) and Interest (B)	May 19	8	31	35 517
						" 30	" Balance c/d	"	189	13	81 331
June 30	To Balance b/d		£ 2,223	17	£ 220 328				£ 2,223	17	£ 220 328
			188	13							

(A) Balance of Principal = £2 223 less £2 026 = £197

(B) Balance of Interest = £3/14/11 arrived at as follows

$$\left(\frac{16,831 \times 10}{73,000} \right) = 23.050$$

To reduce to figure in Products column, Multiply £197 by 181, which = 35 637

EXERCISE VIII—No 14

AVERAGE DUE DATES

ZERO DATES

Date	Item	Amount			Days	JUNE 5		SEPTEMBER 18		AUGUST 26	
						Products	Days	Products	Days	Products	Days
19 June 5	Goods	£ 726	s 16	d 2	37	£	105	£ 76 33s	82	£ 59 614	
July 12		979	17	8		36 760	68	66 640	43	44 100	
Aug 26		1 127	3	11	82	92 414	23	25 921	—	103 714	
Sept 18	"	359	8	6	103	37 695			23	8 257	
		£3 193	6	3		£166 369		£168 896		£95 457	

June 5th + 52 days gives 27th July

Sept 18th - 33 days gives 27th July

Aug. 26th - 30 days gives 27th July

EXERCISE VIII—No 15

Date	Item	Amount			Days	Products
19 June 5	Goods . . .	£ 355	s 9	d 10	Zero	£ Date
8	" . . .	466	16	8	33	15 411
Sept 11	" . . .	229	14	7	98	22 540
{1 052 divided into 37 951 gives 36 days		£1 052	1	1		£37 951
∴ June 5 + 36 days gives July 11)						

EXERCISE I—No. 18 (contd.)

BALANCE SHEET OF X AND Y
AS AT 30TH JUNE, 1938

Liabilities		Assets	
	£		£
<i>Capital Accounts—</i>		Plant and Machinery	4,050
X	7,680	Motor Lorries	1,440
Y	4,000	Furniture and Fittings	810
<i>Current Accounts—</i>		Investments	2,500
X Balance 1st July	£1,650	Stock, 30th June	6,780
Add Share of Profit	£1,700	Sundry Debtors	£6,790
	3,350	Less Bad Debts	
Y Share of Profit	£1,360	Reserve	£500
Less O/drawn	£270		6,290
	1,090	Rates Paid in Advance	40
Bank O/draft	1,320	Insurance do	30
Bills Payable	790	Cash in hand	30
Sundry Creditors	3,820		
	<u>£21,970</u>		<u>£21,970</u>

EXERCISE II—No. 1.

THE PIMLICO CYCLE CO

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

(Dr SIDE)

	£	s	d	£	s	d
To Stocks 1st January—						
Materials	2,730	—	—			
Machines	7,858	—	—			
				10,588	—	—
„ Purchases—Materials				139,920	—	—
„ Wages of Workmen				26,798	—	—
„ Balance—Gross profit				19,484	—	—
				<u>£196,790</u>	—	—

(Cr SIDE)

	£	s	d	£	s	d
By Sales—Machines				188,680	—	—
„ Stocks 31st December—						
Materials	1,860	—	—			
Machines	6,250	—	—			
				8,110	—	—
				<u>£196,790</u>	—	—

EXERCISE II—No 1 (contd)

THE PIMLICO CYCLE CO

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

Dr				31ST DECEMBER 19				Cr			
	£	s	d	£	s	d		£	s	d	
To Agents' Commission 4 890							By Trading Account (gross profit)	19	484		
Add Commis due 100 - -				5	090						
General Expenses				720							
Travellers Commis and Salaries				3	420						
Rents Rates, & Taxes				1	000						
Bad Debts				9	9						
Bad Debts Reserve				5	0						
Interest due to Cash Creditors				200							
Depreciation—											
Plant & Machinery 5% of £8,680				344							
Interest on Cash A/c's—											
P Brown—											
5% of £5,308	2	67	18								
R. Phillips—											
5% of £4,900	24	-	-								
Balance—NET profit c/d				5	12	18					
				5	419	2					
				£	19	484		£	19	484	
To Capital Accounts—	£	s	d	£	s	d	By Balance . . . b/d	£	s	d	
P Brown ½ share	2	09	11					5	419	2	
R. Phillips ½ share	2	709	11								
				5	419	2					
				£	5	419	2	£	5	419	

THE PIMLICO CYCLE CO

BALANCE SHEET AS AT 31ST DECEMBER 19

Liabilities				Assets			
	£	s	d		£	s	d
Cash Creditor			4 200	Cash at Bank			3 990
Bills Payable			3 840	Sundry Debtors	6 506	-	-
Sundry Creditors			4 462	Less Bad Debts Res	3 0	-	-
Com. due to Agents			700				6 236
Capital Accounts—				Stocks—			
P. Brown				Materials	1 860	-	-
Balance 1st Jan	5 308			Machines	6 250	-	-
Add Interest		267	18				8 110
Share of Profit		2 709	11	Plant and Machinery	6 880		
				Less Depreciation	344	-	-
	8 335	9	-	Buildings			6 036
Less Drawings	1 120	-	-				2 500
			7 215				
R. Phillips							
Balance 1st Jan	4 380						
Add Interest		243	-				
Share of Profit		2 709	11				
	7 854	11	-				
Less Drawings	900	-	-				
			6 954				
			£ 27,372				£ 27,372

EXERCISE II—No. 2.

MESSRS WOLFE, HARVEY & CO
TRADING AND PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 30TH JUNE 19. *Cr.*

	£	s	d	£	s	d		£	s	d
To Stock—1st July				9	262	-	By Sales	51,508	-	-
" Purchases				44	662	-	" Stock—30th June	19	514	-
" Wages (manufacturing)				6	838	-				
" Balance—Gross profit				10	310	-				
				71	072	-		71	072	-
To Advertising	2	160	-				By Trading Account Gross profit	10	310	-
Less amount paid in advance	100	-	-				" Discounts received	766	-	-
				2	060	-				
Rent Rates & Taxes	1	396	-							
Add amount owing										
				1	686	-				
Salaries				1	700	-				
Trade Expenses				1	098	-				
Addition to Bad Debts Reserve				50	-	-				
Bad Debts				152	-	-				
Depreciation—										
Plant & Machinery										
5% of £10 656				532	16	-				
Lease (annual amt written off)				200	-	-				
Interest on Capital Accounts—										
R Wolfe										
5% of £23 120	1	156	-							
T Harvey										
5% of £19 570	9	9	10							
				2	134	10				
Discounts allowed				1	092	-				
Balance—Net profit to Capital A/cs—										
R Wolfe $\frac{1}{2}$ share	175	7	-							
T Harvey $\frac{1}{2}$ share	175	7	-							
				450	14	-				
				11	076	-		11	076	-

EXERCISE II—No 2 (contd.)

MESSRS WOLFE HARVEY & CO
BALANCE SHEET AS AT 30TH JUNE 19

LIABILITIES				£	s	d	£	s	d	ASSETS				£	s	d	£	s	d
Bills Payable							6	902			Cash	100	-	-					
Sundry Creditors							11	294			Bank	1	880	-					
Rent Outstanding								290									1	960	-
Capital Accounts—																		940	-
R Wolfe																			
Balance 1st July	23	120	-																
Add Interest		1	156																
Share of Profit			170	7															
		24	451	7														23	428
Less Drawings			1	400														19	514
							23	051	7										
I Harvey																			
Balance 1st July	19	570	-																
Add Interest			978	10															
Share of Profit				170	7														
			20	723	17														
Less Drawings				1	300														
																		10	123
		</																	

EXERCISE II—No 3

MESSRS RICE & BAXTER

TRADING ACCOUNT

Dr FOR THE YEAR ENDED 31ST DECEMBER 19 . Cr

	£	s	d	£	s	d		£	s	d	£	s	d	
To Stock—1st Jan							By Sales	29	360	-				
Purchases	35	640	-				Less Returns							
Less Returns							Inwards	2	460	-	26	900	-	
Outward	1	706		31	884	-	" Stock—31st Dec				12	857	10	
" Balance—Gross														
Profit . . .				5	873	10								
				£	39	757	10				£	39	757	-

MESSRS RICE & BAXTER

PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 31ST DECEMBER 19 . Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Rent Rates & Taxes				700	-	-	By Trading Account—Gross profit	5	873	10			
Trade Charges				460	-	-	Interest Account—						
Interest & Discount				270	-	-	(For charge of 5% for 1 yr						
Salaries				1	200	-	on amount of £200 over						
Bad Debts Reserve							drawn by I. Baxter)				2	10	-
2½% of £17 078				428	19	-							
" Interest on Capital													
Accounts—													
P Rice													
5% of £20 000	1	000	-										
P Baxter													
5% of £10,000	500	-	-	1	500	-							
Balance Net Profit													
to Capital A/cs													
P Price													
½ share	879	1	3										
P Baxter													
½ share	439	10	7	1	318	11	10						

EXERCISE II—No 3 (contd.).

MESSRS RICE & BAXTER
BALANCE SHEET AS AT 31ST DECEMBER 19..

LIABILITIES				ASSETS			
	£	s	d		£	s	d
Bills Payable			2 690	Bank—Current A/c	2 418	-	-
Sundry Creditors			39 20	" — Deposit A/c	1 000	-	-
Rent Outstanding			160				3 418
Capital Accounts—				Bills Receivable			3,560
P. Rice				Sundry Debtors	17 078		
Balance, 1st Jan	29 000	-	-	Less Bad Debts			
Add Interest	1 000	-	-	Reserve	426 19		
" Share of Profit	879	1	3				16 651
				Stock			12 837
	21 879	1	3	Furniture & Fixtures			800
Less Drawings	1,600	-	-				-
			20 279				10
F. Baxter							
Balance, 1st Jan	10 000	-	-				
Add Interest	500	-	-				
" Share of Profit	439	10	7				
	10 939	10	7				
Less Drawings	1 002	10	-				
			9 937				
(including Int of £'s)							
	£	96 986	1 10		£	96 986	1 10

EXERCISE II—No 4

MESSRS LEWIS & CO.

TRADING ACCOUNT

Dr FOR THE YEAR ENDED 30TH JUNE 19 .

Cr

	£	s	d		£	s	d
To Stock 1st July	9 645	-	-	By Sales	37 500	-	-
" Purchases	28 381	-	-	" Stock, 30th June	11,774	18	4
" Freight and Cartage	158	-	-				
" Wages	5 340	-	-				
" Bal—Gross Profit	5 750	18	4				
	£	49 274	18 4		£	49,274	18 4

EXERCISE II—No 4 (contd.)

MESSRS LEWIS & CO
 PROFIT AND LOSS ACCOUNT

Dr	FOR THE YEAR ENDED 30TH JUNE 19 .						Cr		
	£	s	d	£	s	d	£	s	d
To Gas & Elec. Light				80					
" Comm. on & D set				420					
" Addition to Bad									
Debts Reserve				100					
" Salaries				1 000					
" Partnership Salary									
(due to T. Smothers)				300					
" Rent Rates & Taxes				1 500					
" Travelling Exps.				964					
" Bad Debts				119					
" General Expenses				312					
" Interest on Capital—									
P. Lewis									
5% of £7 012	350	12							
T. Smothers									
5% of £5 010	250	10							
				601	2				
" Balance—Net Profit									
to Capital A/cs									
P. Lewis 1/2 sh	556	19	6						
T. Smothers 1/2 sh	397	16	10						
				954	16	4			
				£5 750	18	4		£5 750	18 4

MESSRS LEWIS & CO
 BALANCE SHEET AS AT 30TH JUNE 19

LIABILITIES.	£	s	d	£	s	d	ASSETS	£	s	d	£	s	d
Bank Overdraft				739			Cash				20		
Bills Payable				1 970			Bills Receivable				781		
Sundry Creditors				6 245			Sundry Debtors	9 036					
Capital Accounts—							Add Debtors for						
P. Lewis							Rent	50					
Balance 1st July	7 012												
Add Interest	350	12											
Share of Profit	556	19	6				Less Bad Debts	9 086					
	7 919	11	6				Reserve	250			8 836		
Less Drawings	1 000												
				6 919	11	6	Stock				11 774	18	4
T. Smothers													
Balance 1st July	5 010												
Add Interest	250	10											
Salary	300												
Share of Profit	397	16	10										
	5 959	8	20										
Less Drawings	400												
				5 558	6	10							
				£ 21 431	18	4					£ 21 431	18	4

EXERCISE II—No 5.

MESSRS ROCKLYN & CO

BALANCE SHEET AS AT 30TH SEPTEMBER, 19..

LIABILITIES						ASSETS					
£	s	d	£	s	d	£	s	d	£	s	d
Sundry Creditors			3,080	-		Cash	80	-			
Capital Account—						Bank	3 120	-			
To Rocklyn									3 200	-	
Balance 1st Oct	10 840	-				Sundry Debtors	9 300	-			
Add Interest	542	-				Less Bad Debts					
Share of Profit	5 528	17				Reserve	460				
	16 910	17					8 840	-			
Less Drawings	809		16 110	17		Less Doubt Reserve	221	-			
									8 619	-	
P Farmley						Stock			3 372	-	
Balance 1st Oct	10 306	-				Plant & Machinery	7 000				
Add Interest	515	8				Less Depreciation	350	-			
Share of Profit	5 528	17							6 650	-	
	16 350	9				Premises			10 000	-	
Less Drawings	700		15 650	9		Extension of Works			3 000	-	
			£ 34,841						£ 34,841		

MESSRS ROCKLYN & CO

TRADING ACCOUNT

Dr FOR THE YEAR ENDED 30TH SEPTEMBER, 19 .

Cr

	£	s	d		£	s	d
To Stock 1st Oct	7 960	-		By Sales	49 240	-	
„ Purchases	18 682	-		„ Stock 30th Sept	3 372	-	
„ Wages of Workmen	6 333	-					
„ Coal and Coke	1 040	-					
„ Bal—Gross Profit	18 592	-					
	£ 52 612	-			£ 52 612	-	

EXERCISE II—No 5 (contd.)

MESSRS ROCKLYN & CO

PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 30TH SEPTEMBER 19 Cr

	£	s	d	£	s	d		£	s	d
To Repairs and Renewals	1	140					By Trading Account—			
Bad Debts		196					Cr & Profit	18	582	
General Expenses		970					Rebts received		300	
Travellers Salaries and Commission	1	300					Discounts received		390	
Discounts allowed		860								
Rates and Taxes		760								
Salaries of Clerks		660								
Bad Debts Reserve		460								
Discount Reserve on Debtors (24% of £8 840)		721								
Depreciation—										
Plant etc (5% of £7 000)		350								
Interest on Capital—										
R. Rocklyn 5% of £10 840	542									
P. Farmley 5% of £10 306	510	6								
				1	057	6				
Balance—Net Profit to Capital A/cs										
R. Rocklyn ½ sh	4	528	17							
P. Farmley ½ sh	5	5	8 17							
				11	057	14				
	£	19	282					£	19	282

EXERCISE II—No 6

MESSRS W PRICE & L ACKWORTH

BALANCE SHEET AS AT 31ST MARCH 19

LIABILITIES	£	s	d	£	s	d	ASSETS	£	s	d	£	s	d
Bills Payable				642	3	4	Cash in Hand	6	7	3			
Rent Owning				50			Cash at Bank	112	6	6			
Sundry Creditors				2	257	16 9	Sundry Debtors	4	791	10	118	13	1
Capital Accounts—							Less Bad Debts Reserve	119	18	3			
W Price—											4	676	11 9
Bal 1st April			5	895	10		Stock				1	658	14 9
Add Interest				284	10	6	Plant Machinery and Fixtures	5	672	13 4			
				5	981	6 6	Less Depreciation	567	5	4	5	105	8
Less Drawings	396	10					Insurance Unexpired				7	3	4
Half Share of Loss	250												
				648	10								
E. Ackworth—				5	334	19 6							
Bal 1st April				3	626	3 4							
Add Interest				181	6	2							
				3	807	9 6							
Less Drawings	285	14	6										
Half Share of Loss	250												
				535	14	6							
				3	271	15							
	£	11	066	11	7			£	11	066	11	7	

EXERCISE II—No 6 (contd.).

MESSRS W PRICE & E ACKWORTH

TRADING AND PROFIT AND LOSS ACCOUNT

Dr.

FOR THE YEAR ENDED 31ST MARCH 19 .

Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Stock, 1st April				2,172	11	3	By Sales	12,617	15	—			
" Purchases	8,329	4	1				Less Returns Inward	742	2	6			
Less Returns Outward	317	6	7								11,875	12	—
				8,011	17	6	" Stock				1,658	14	—
" Carriage Inwards				89	15	5							
" Manufactg Wages				991	9	10							
" Expenses				267	19	8							
" Factory Fuel and Power				54	6	2							
" Balance, Gross Profit c/d				1,946	7	5							
				£ 13,534	7	3					£ 13,534	7	3
To Office Salaries				374	10	6	By Trading Account, Gross Profit b/d				1,946	7	5
" Lighting and Heating				39	5	2	" Bal., NET LOSS				500	—	—
" Travelling				92	6	7							
" Carriage Outwards				95	18	9							
" Rent, Rates and Taxes	276	14	9										
Add Quarter's Rent owing	50	—	—										
				326	14	9							
" Office Expenses				271	14	4							
" Discount				42	7	9							
" Insurance	57	6	3										
Less amount unexpired	7	3	4										
				50	2	11							
" Interest on Capital				465	2	8							
" Provision for Bad Debts				119	18	3							
" Depreciation—10% of Plant, etc.				567	5	4							
				£ 4,446	7	5					£ 2,446	7	5

EXERCISE II—No 7

MESSRS PERRY & RUSTON

TRADING ACCOUNT

Dr

FOR THE YEAR ENDED 30TH APRIL 19..

Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Stock 1st May				6,390	—	—	By Sales	21,360	—	—			
" Purchases	11,720	—	—				Less Returns Inwards	2,890	—	—			
Less Returns Outward	1,620	—	—								18,500	—	—
				10,100	—	—	Stock, 30th April				9,384	—	—
" Carriage Inwards				356	—	—							
" Wages (manufactg)				3,994	—	—							
" Bal., Gross Profit				7,042	—	—							
				£ 27,884	—	—					£ 27,884	—	—

EXERCISE II—No 8

MESSRS KINGSLEY & LARKE

TRADING ACCOUNT

Dr

FOR THE YEAR ENDED 31st JULY, 19..

Cr

	£	s	d		£	s	d
To Stock 1st Aug . .	10,764	-	-	By Sales	47,560	-	-
" Purchases	21,162	-	-	" Stock, 31st July	9,550	-	-
" Wages (manufctg)	9,294	-	-				
" Bal.—Gross Profit	15,890	-	-				
	£ 57,110	-	-		£ 57,110	-	-

MESSRS KINGSLEY & LARKE

PROFIT AND LOSS ACCOUNT

Dr

FOR THE YEAR ENDED 31st JULY 19

Cr

	£	s	d		£	s	d
To Discounts allowed			850	By Trading Account—			
" General Charges			1,370	Gross Profit			15,890
" Rent, Rates & Taxes			3,500	Discounts recd			520
" Bad Debts			920	Bad Debts Res.			
" Salaries			2,520	1st Aug	1,160		
" Insurance			190	Less New Pro			
" Int on Capital A/c—				vision (provided)	600		
B. Kingsley							560
(5% of £21,560) 1,068							
R. Larke							
(5% of £10,640) 532							
			1,600				
" Depreciation—							
Patents							
(10% of £3,000) 300							
Plant & Machinery							
(10% of £14,890) 1,489							
Business Premises			200				
			1,989				
" Work Manager's							
Commission							
(5% of £3,951)			197				
" Balance—Net Profit							
to Capital A/c—							
Kingsley $\frac{1}{2}$ sh. 2,672	6						
Larke $\frac{1}{2}$ sh. 1,201	3						
			3,753				
	£ 16,970				£ 16,970		

EXERCISE II—No 9 (contd)

MESSRS RAMSDEN & BROOKES

TRADING ACCOUNT

Dr.

FOR THE YEAR ENDED 30TH JUNE, 19..

Cr

	£	s	d		£	s	d
To Stock, 1st July . . .	5,900	-	-	By Sales . . .	29,384	-	-
„ Purchases . . .	17,182	-	-	„ Stock, 30th June	2,498	-	-
„ Wages . . .	2,940	-	-				
„ Bal.—Gross Profit	5,860	-	-				
	£ 31,882	-	-		£ 31,882	-	-

MESSRS RAMSDEN & BROOKES

BALANCE SHEET AS AT 30TH JUNE, 19 .

LIABILITIES	£	s	d		£	s	d	ASSETS	£	s	d	£	s	d
Bills Payable . . .				3,800	-	-		Cash . . .	30	-	-			
Sundry Creditors . . .				8,192	-	-		Bank . . .	1,120	-	-	1,150	-	-
Capital Accounts—								Bills Receivable . . .				620	-	-
A Ramsden . . .								Sundry Debtors . . .	20	176	-			
Balance 1st July 12 300								Less Bad Debts . . .						
Add Interest . . . 615								Reserve . . .	1,008	16	-	19,167	4	-
„ Share of Profit 664 12								Stock . . .				2,498	-	-
	15,579	12	-					Plant & Machinery . . .	3,560	-	-			
Less Drawings . . .	1,200	-	-					Less Depreciation . . .	326	-	-	3,204	-	-
				12,379	12	-		Premises . . .				5,000	-	-
P Brookes . . .														
Balance 1st July 6,890														
Add Interest . . . 343														
„ Share of Profit 664 12														
	7,867	12	-											
Less Drawings . . .	600	-	-											
				7,267	12	-								
				£ 31,639	4	-						£ 31,639	4	-

EXERCISE II—No 10

MESSRS A B C & CO

TRADING ACCOUNT

Dr

FOR THE YEAR ENDED 31ST DECEMBER 19 .

Cr

	£	s	d		£	s	d		£	s	d	£	s	d
To Stock 1st Jan. . .				5,000	-	-		By Sales . . .	25,000	-	-			
„ Purchases . . .	10,000	-	-					Less Returns Inward . . .	300	-	-	24,700	-	-
Less Returns Outward . . .	200	-	-					„ Stock, 31st Dec . . .				500	-	-
				9,800	-	-								
„ Wages (manufg) . . .				2,000	-	-								
„ Rent of Factory . . .				250	-	-								
„ Carriage & Freight on Raw Material . . .				500	-	-								
„ Bal., Gross Profit . . .				14,650	-	-								
				£ 32,200	-	-						£ 32,200	-	-

EXERCISE II—No 10 (contd)

MESSRS A B C & CO
PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 31ST DECEMBER 19

Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To General Expenses (trade)				1 200	-	-	By Trading Account						
Travelling Exps				600	-	-	Gross Profit				14 6 0	-	-
Office Salaries				200	-	-	Dcts. received				180	-	-
Addition to Bad Debts Reserve				400	-	-	Interest received				120	-	-
Discts allowed				200	-	-	Interest on C's overdrawn						
Rates Taxes and Insurance				120	-	-	Capital A/c				50	-	-
Depreciation—Horses, Harness etc.													
(10% of £2 000)	200	-	-										
Plant & Machinery (5% of £6 000)	300	-	-										
Fixtures and Fittings (10% of £500)	50	-	-										
				550	-	-							
" Int on Cap A/cs													
A (5% of £10 000)	500	-	-										
B (5% of £10 000)	500	-	-										
				1 000	-	-							
Bal—Net Profit to Cap A/cs—													
A $\frac{2}{3}$ share	3 484	-	-										
B $\frac{1}{3}$ share	3 484	-	-										
C, $\frac{1}{3}$ share	1 742	-	-										
				8 710	-	-							
				£ 15 000	-	-					£ 15 000	-	-

MESSRS A B C & CO
BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES	£	s	d	£	s	d	ASSETS	£	s	d	£	s	d
Sundry Creditors				1 000	-	-	Cash	10	-	-			
Capital Accounts—							Bank	2 300	-	-	2 310	-	-
A Bal 1st Jan	10 000	-	-				Sundry Debtors	6 000	-	-			
Add Interest	500	-	-				Less Bad Debts Reserve	600	-	-			
Sh of Profit	3 484	-	-								5 400	-	-
	13 984	-	-				Advance on Mortgage Stock				2 000	-	-
Less Drawings	1 000	-	-	12 984	-	-	Fixtures & Fittings	500	-	-	7 500	-	-
							Less Depreciation	50	-	-			
B Bal 1st Jan	10 000	-	-								400	-	-
Add Interest	500	-	-				Horses Harness and Vehicles	2 000	-	-			
Sh of Profit	3 484	-	-				Less Depreciation	200	-	-	1 800	-	-
	13 984	-	-										
Less Drawings	1 000	-	-	12 984	-	-	Plant & Machinery	6 000	-	-			
							Less Depreciation	300	-	-			
C Share of Profit	1 742	-	-								5 700	-	-
Less Balance							Freehold Offices				2 000	-	-
1st Jan £1 000													
Less Drawings	500	-	-										
Int 50													
	1 520	-	-										
				192	-	-							
				£ 27 160	-	-					£ 27 160	-	-

EXERCISE II—No 11.

POOLE & CO.

PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 30TH SEPTEMBER, 19..

Cr.

	£	s	d	£	s	d		£	s	d	£	s	d
To Salaries				940			By Trading Account						
Commission				660			Gross Profit				7,510		
Discts allowed				1,064			Discts. received				720		
Rent Rates, and Taxes				1,660									
General Expenses				872									
Travelling Exps.				520									
Deprecn of Plant				1,026									
Int on Cap A/c													
R. Poole													
(5% of £9 000)	450												
F. Winchley													
(5% of £9 000)	450												
				900									
By Balance													
to Capital A/cs													
R. Poole ½ sh.	344												
F. Winchley ½ sh.	344												
				688									
				£8,330							£8,330		

POOLE & CO

TRIAL BALANCE

	£	s	d	£	s	d
Drawings Accounts—						
R. Poole	800					
F. Winchley	800					
Sundry Debtors	7 360					
Plant and Machinery	9 252					
Premises	3 000					
Bank	1,160					
Salaries	940					
Carriage	450					
Commission	660					
Depreciation	1 026					
Discounts allowed	1 064					
Rent Rates, and Taxes	1 660					
Wages	5 480					
General Expenses	872					
Travelling Expenses	520					
Purchases	26,720					
Capital Accounts—						
R. Poole				9 000		
F. Winchley				9 000		
Bills Payable				1 500		
Sundry Creditor				6 204		
Discounts received				720		
Sales				35 360		
	£61 784			£61 784		
Stock, 30th Sept., £4 900						

EXERCISE II No 11 (contd)

POOLE & CO

BALANCE SHEET AS AT 30TH SEPTEMBER 19

LIABILITIES				£	s	d	£	s	d
Bills Payable							1 500		
Sundry Creditors							6 204		
Capital Accounts—									
R Poole									
Balance 1st Oct				9 000					
Add Interest				450					
Share of Profit				344					
				9 794					
Less Drawings				800			8 994		
F Winchley									
Balance 1st Oct				9 000					
Add Interest				450					
Share of Profit				344					
				9 794					
Less Drawings				800			8 994		
							£25 692		
ASSETS									
Bank							1 180		
Sundry Debtors							7 360		
Stock							4 900		
Plant—NET							9 252		
Premises							3 000		
							£25 692		

POOLE & CO

TRADING ACCOUNT

Dr FOR THE YEAR ENDED 30TH SEPTEMBER 19

Cr

Dr				Cr			
	£	s	d		£	s	d
To Purchases	26 720			By Sales	35 360		
Carriage	450			Stock 30th Sept	4 900		
Wages of Workmen	5 480						
Bal —Gross Profit	7 610						
	£40 260				£40 260		

EXERCISE II—No 12.

MESSRS H OAKLEY & W DENHAM

TRADING AND PROFIT AND LOSS ACCOUNT

Dr

FOR THE YEAR ENDED 31ST DECEMBER, 19.

Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Stock 1st Jan				10 910	5	5	By Sales				45,230	2	10
" Purchases				31 038	10	7	" Stock, 31st Dec., 19				14 725	2	6
" Carriage				1 006	2	9							
" Wages				7 830	1	4							
" Bal., Gross Profit				9 010	5	3							
				£ 39 955	5	4					£ 39 955	5	4
To Salaries				550			By Trading Account						
" Rates and Taxes				231	9	11	Gross Profit				9 010	5	3
" Gen. Trade Exps				1 040	17	2	" Interest and Dis				43	12	1
" Repairs				337	13	1	count						
" Office Expenses				104	5	3							
" Insurance				191	11	4							
" Int. on Mortgage													
($\frac{1}{4}$ yr. at 5% of													
£4 000 added)				22									
" Bal. Debts Reserve													
(5% of £8 510)				425	10								
" Depreciation—													
Machinery & Plant													
($\frac{7}{8}$ % of £1 000)	450												
Fixtures & Fittings													
(6% of £3 600)	216			666									
" Int. on Capital A/cs													
H Oakley													
(3% of £10 000)	500												
W Denham													
(5% of £9 000)	450			950									
" Addition to Res													
fund provided													
(7% of £4 311/10/7)				323	7	3							
" Bal.—Net Profit													
to Capital A/cs													
H Oakley sh	1 994	1	8										
W Denham sh	1 994	1	8	3 988	3	4							
				£9 051	17	4					£9 051	17	4

EXERCISE II—No 12 (contd)

MESSRS H OAKLEY & W DENHAM
BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES	£	s	d	£	s	d	ASSETS	£	s	d	£	s	d
Bank Overdraft				2 437	—		Cash in hand				472	14	7
Bills Payable				2 402	8	2	Sundry Debtors	8 510	—				
Sundry Creditors				13 802	18	4	Less Bad Debts						
Mtgs on Premises	4 500	—	—				Reserve	425	10		8 084	10	—
Int. due on Mtgs	112	10	—								14 725	2	6
				4 612	10		Stock						
Reserve Fund	1 050	—	—				Machinery & Plant	6 000	—				
Add Transfer from Profit and Loss	323	7	3				Less Depreciat on	450			5 550	—	
				1 373	7	3	Fixtures & Fittings	3 600					
Capital Accounts—							Less Depreciation	216			3 384	—	
H Oakley							Freehold Premises				13 100	—	
Bal 1st Jan	10 000												
Add Interest	500												
Sh. of Profit	1 994	1	8										
	12 494	1	8										
Less Drawings	1 767	10	—										
				10 726	11	8							
W Denham													
Bal 1st Jan	9 000												
Add Interest	450												
Sh. of Profit	1 994	1	8										
	11 444	1	8										
Less Drawings	1 48	10	—										
				9 961	11	8							
				45 316	7	1					45 316	7	1

EXERCISE II—No 13

LEDGER

(Dr SIDE) H SHEPHERD'S DRAWINGS ACCOUNT

		Months	Interest	Amount
			£ s d	£ s d
19				
Feb 1	To Cash	11	2 5 10	50 — —
Apr 1		9	3 15	100 — —
June 1		7	1 9 2	50 — —
Aug 1		5	1 10	50 — —
Oct 1		3	1 5	100 — —
Dec 1		1	4 2	50 — —
31	Interest			10 — —
				£410 — —

EXERCISE II—No 13 (contd.).

(Dr side) G ELKINGTON'S DRAWINGS ACCOUNT

				Months	Interest			Amount		
					£	s	d	£	s	d
19.										
Feb 1	To Cash	.	.	11	1	2	11	25	-	-
Mar 1		.	.	10	1	11	3	37	10	-
May 1		.	.	8	2	1	8	62	10	-
June 1	"	.	.	7	1	9	2	50	-	-
Aug 1		.	.	5		10	5	25	-	-
Sept 1		.	.	4		12	6	37	10	-
Nov 1		.	.	2		10	5	62	10	-
Dec 1		.	.	1		4	2	50	-	-
31	" Interest	.	.					8	2	6
								£358	2	6

MESSRS H SHEPHERD & G ELKINGTON

TRADING AND PROFIT AND LOSS ACCOUNT

Dr

FOR THE YEAR ENDED 31ST DECEMBER 19

Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Purchases				9 857	6	6	By Sales				8 756	10	7
" Carriage & Freight				255	4	7	" Stock 31st Dec.				3 750	-	-
" Wages				1 304	2	6							
" Bal, Gross Profit				8 089	17	-							
				13 506	10	7					13 506	10	7
To Salaries				457	10	-	By Trading Account						
" Taxes & Insurance				224	12	8	Gross Profit				8 089	17	-
" Rents				525	7	6	" Interest on Draw						
" General Charges				108	2	2	ing Accounts						
" Repairs and Depre-				212	5	7	(as above Ledger						
" ciation				250	3	7	Accounts)—						
" Int and Disc							H Shepherd	10					
" Partnership Salary							G Elkington	8	2	6			
(Due to G Elkington)				100	-						18	2	6
" Int on Cap A/cs													
H Shepherd	200												
(5% of £4 000)													
G Elkington	50			250									
(5% of £1 000)													
" Bal—Net Profit													
to Capital A/cs													
H Shepherd													
½ share	2 989	19	1										
G Elkington													
½ share	2 989	19	1										
				5 979	18	2							
				£8 107	19	6					£8 107	19	6

EXERCISE II—No 13 (contd)

MESSRS H SHEPHERD & G ELKINGTON
BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES	£	s	d	£	s	d	ASSETS	£	s	d	£	s	d
Bank Overdraft				664	19	9	Cash in hand				365		2 11
Bills Payable				4	1	3 4	Sundry Debtors				4 657		8 6
Sundry Creditors				1 06		7 1	Stock				3 750		
Capital Acco nts—							Plant and Tools				1 437	11	5
H. Shepherd							Buildings				2 500		
Balance 1st Jan	4 000												
Add Interest	200												
Sh of Profit	7 968	19	1										
	7 189	19	1										
Less Drawings (as Ledger A/c)	410												
				6 779	19	1							
G. Elkington													
Balance 1st Jan	1 000												
Add Interest	50												
Salary	100												
Sh of Profit	2 969	19	1										
	4 139	19	1										
Less Drawings (as Ledger A/c)	3 18	2	6										
				3 781	16	7							
				£ 10 710	5	10					£ 12 710	5	10

EXERCISE II—No 14

LEDGER

Dr

BAD DEBTS ACCOUNT

Cr

19		£	s	d	19		£	s	d
(a) Dec 31	To Sundries	630	10	6	(a) Dec 31	By Profit and Loss	630	10	6
(b) Dec 31	Sundries	630	10	6	(b) Dec 31	Bad Debts Res	630	10	6
31	Bad Debts Res	723	3	10	31	Profit and Loss	723	3	10

Dr

BAD DEBTS RESERVE ACCOUNT

Cr

		£	s	d	19		£	s	d
					(a) Dec 31	By Balance	723	15	6
						Profit and Loss	723	15	6
(b) Dec 31	To Bad Debts	630	10	6	(b) Dec 31	Balance	723	15	6
						Bad Debts	723	3	10

Dr

PROFIT AND LOSS ACCOUNT

Cr

19		£	s	d					
(a) Dec 31	To Bad Debts	630	10	6					
31	Res	92	13	4					
(b) Dec 31	To Bad Debts	723	3	10					

BALANCE SHEET 31st December 19

ASSETS.
(a) Sundry Debtors
Less Bad Debts Reserve

£	s	d
16 368	16	3
818	8	10
£ 15 550	7	5

EXERCISE II—No 13 (contd.).

(Dr SIDE) G ELKINGTON'S DRAWINGS ACCOUNT

				Months	Interest			Amount		
					£	s	d	£	s	d
19..										
Feb 1	To Cash	.	.	11	1	2	11	25	-	-
Mar 1	"	.	.	10	1	11	3	37	10	-
May 1	"	.	.	8	2	1	8	62	10	-
June 1	"	.	.	7	1	9	2	50	-	-
Aug 1	"	.	.	5		10	5	25	-	-
Sept 1	"	.	.	4		12	6	37	10	-
Nov 1	"	.	.	2		10	5	62	10	-
Dec 1	"	.	.	1		4	2	50	-	-
31	" Interest	.	.					8	2	6
								£358	2	6

MESSRS H SHEPHERD & G ELKINGTON

TRADING AND PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 31ST DECEMBER 19. Cr

				£	s	d					£	s	d
To Purchases				3857	6	6	By Sales				9756	10	7
" Carriage & Freight				255	4	7	" Stock 31st Dec.				3750	-	-
" Wages				1304	2	6							
" Bal, Gross Profit				8089	17	-							
				13506	10	7					13506	10	7
To Salaries				457	10	-	By Trading Account						
" Taxes & Insurance				224	12	6	Gross Profit				8089	17	-
" Rents				525	7	6	" Interest on Draw						
" General Charges				108	2	2	ing Accounts						
" Repairs and Depre				212	5	7	(as above Ledger						
" Int and Disc				250	3	7	Accounts)—						
" Partnership Salary							H Shepherd				10		
" (Due to G Elkington)				100			G Elkington				8	2	6
" Int on Cap A/cs													
" H Shepherd													
" (5% of £4000)				200	-	-							
" G Elkington				50									
" (5% of £1000)													
" Bal—Net Profit													
" to Capital A/cs													
" H Shepherd				2989	19	1							
" ½ share													
" G Elkington				2989	19	1							
" ½ share													
				5979	18	2							
				8107	19	6					8107	19	6

EXERCISE II—No 13 (contd)

MESSRS H SHEPHERD & G ELKINGTON
BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES	£	s	d	£	s	d	ASSETS	£	s	d	£	s	d
Bank Overdraft				684	19	9	Cash in hand				365	2	11
Bills Payable				421	3	4	Sundry Debtors				4 657	8	6
Sundry Creditors				1 06	7	1	Stock				3 750		
Capital Account—							Plant and Tools				1 437	14	5
H Shepherd							Buildings				2 500		
Balance 1st Jan	4 000												
Add Interest	200												
Share of Profit	2 989	19	1										
	7 189	19	1										
Less Drawings													
(as Ledger A/c)	410												
				6 779	19	1							
G Elkington													
Balance 1st Jan	1 000												
Add Interest	50												
Salary	100												
Share of Profit	2 989	19	1										
	4 139	19	1										
Less Drawings													
(as Ledger A/c)	3 8	2	6										
				3 781	16	7							
				£ 10 710	5	10					£ 10 710	5	10

EXERCISE II—No 14

LEDGER

Dr				BAD DEBTS ACCOUNT				Cr			
19				£	s	d	19				
(a) Dec 31	To Sundries			630	10	6	(a) Dec 31	By Profit and Loss			630 10 6 ✓
(b) Dec 31	Sundries			630	10	6	(b) Dec 31	Bad Debts Res			630 10 6 ✓
31	Bad Debts Res			723	3	10	31	Profit and Loss			723 3 10 ✓
Dr				BAD DEBTS RESERVE ACCOUNT				Cr			
				£	s	d	19				
							(a) Dec 31	By Balance			723 3 10 ✓
							31	Profit and Loss			90 13 4 ✓
(b) Dec 31	To Bad Debts			630	10	6	(b) Dec 31	Balance			723 3 10 ✓
							31	Bad Debts			723 3 10 ✓
Dr				PROFIT AND LOSS ACCOUNT				Cr			
19				£	s	d					
(a) Dec 31	To Bad Debts Res			630	10	6					
31				92	13	4					
(b) Dec 31	To Bad Debts			723	3	10					

BALANCE SHEET 31st December 19

ASSETS				£	s	d
(a) Sundry Debtors				16 368	16	3
Less Bad Debts Reserve				818	8	10
				£ 15 550	7	5

EXERCISE II—No. 15.

Dr.		BAD DEBTS ACCOUNT						Cr	
19		£	s	d	19		£	s	d
(a) Dec 31	To Sundries .	62	15	10	(a) Dec 31	By Profit and Loss	62	15	10
(b) Dec 31	To Sundries	62	15	10	(b) Dec 31	By Bad Debts Res	62	15	10
" 31	Profit and Loss	14	14	1	" 31	" " "	14	14	1

Dr		BAD DEBTS RESERVE ACCOUNT						Cr		
19		£	s	d	19		£	s	d	
(a) Dec 31	To Profit and Loss	77	9	11	(a) Dec 1	By Balance . .	268	16	7	
(b) Dec 31	To Bad Debts	62	15	10	(b) Dec 1	By Balance .	268	16	7	
" 31	"	14	14	1						

Dr		PROFIT AND LOSS ACCOUNT						Cr		
19										
Dec	31	To Bad Debts	£	s	d	(a) Dec 31	By Bad Debts Res.	£	s	d
			62	15	10	(b) Dec 31	" " "	77	9	11
								14	14	1

BALANCE SHEET 31st December 19 .

		ASSETS		£	s	d
	(a) Sundry Debtors			3 828	13	6
	Less Bad Debts Reserve			191	6	8
				<u>£3 637</u>	<u>6</u>	<u>10</u>
	(b) As A "					

EXERCISE II—No. 16

Dr		BAD DEBTS RESERVE ACCOUNT				Cr			
19		£	s	d	19	£	s	d	
(a) Dec 31	To Profit and Loss	56	10	6	(a) Jan Dec 31	By Balance	56	10	6
(b) Dec 31	To Bad Debts	56	10	6	(b) Jan Dec 31	By Balance	56	10	6

Dr		BAD DEBTS ACCOUNT						Cr		
19		£	s	d	19		£	s	d	
(b) Dec 31	To Profit and Loss	56	10	6	(b) Dec 31	By Bad Debts Res	56	10	6	

Dr	PROFIT AND LOSS ACCOUNT					Cr		
				19		£	s	d
			(a) Dec. 31	By Bad Debts Res		56	10	6
			(b) Dec. 31	" Bad D bts		56	10	6

EXERCISE II—No 16 (*contd*)

BALANCE SHEET 31st December 19

				ASSETS			£	s	d
				(a) Sundry Debtors			1006	8	10
				(b) As A					

EXERCISE II—No 17

Dr DISCOUNTS ALLOWED ACCOUNT				Cr		
19		£	s d	19		£ s d
(a) Dec 31	To Sundries	163	7 8	(a) Dec 31	By Profit and Loss	163 17 8
(b) Dec 31	To Sundries Discount Reserve	163	17 8	(b) Dec 31	By Discount Reserve Profit and Loss	163 17 8
31		190	0 8	31		190 0 8

Dr DISCOUNT RESERVE ON DEBTORS ACCOUNT				Cr		
				19		£ s d
				(a) Dec 31	By Balance Profit and Loss	170 15 6
(b) Dec 31	To Discounts Allowed	163	17 8	(b) Dec 31	By Balance " Discounts Allowed	170 15 6
						190 5 8

Dr PROFIT AND LOSS ACCOUNT				Cr		
19		£	s d			
(a) Dec 31	To Discounts Allowed	163	17 8			
31	Discount Reserve	31	0			
(b) Dec 31	To Discounts Allowed	190	5 8			

BALANCE SHEET 31st December 19

				ASSETS			£	s	d
				(a) Sundry Debtors			4361	10	11
				Less Bad Debts Res	£218 1/7				
				" Discount Res	£207/3/6		425	5	1
							£3936	5	10
				(b) As A "					

EXERCISE II—No 18

Dr DISCOUNTS RECEIVED ACCOUNT				Cr		
19		£	s d	19		£ s d
(a) Dec 31	To Profit and Loss	110	16 6	(a) Dec 31	By Sundries	110 16 6
(b) Dec 31	To Discount Reserve Profit and Loss	110	16 6	(b) Dec 31	By Sundries Discount Reserve	110 16 6
31		113	19 11	31		113 19 11

Dr DISCOUNT RESERVE ON CREDITORS				Cr		
19		£	s d	19		£ s d
(a) Dec 31	To Balance Profit and Loss	120	10 6			
		3	3 5			
(b) Dec 31	To Balance Discounts Received	120	10 6	(b) Dec 31	By Discounts Received	110 16 6
		113	19 11			

EXERCISE II—No 18 (contd.)

Dr	PROFIT AND LOSS ACCOUNT				Cr		
				19		£	s d.
				(a) Dec 31	By Discts Received	110	16 6
				31	" Discount Reserve	3	3 5
				(b) Dec 31	By Discts. Received	113	19 11

BALANCE SHEET 31st December 19

LIABILITIES		£	s	d.			
(a) Sundry Creditors		4,947	17	5			
Less Discount Reserve		123	13	11			
		£4,824	3	6			
(b) As "A"							

EXERCISE II—No 19.

Dr	DISCOUNTS RECEIVED ACCOUNT				Cr		
19		£	s	d.	19	£	s d.
(a) Dec 31	To Profit and Loss	187	16	5	(a) Dec 31	By Sundries	187 16 5
(b) Dec 31	To Discount Reserve	187	16	5	(b) Dec 31	By Sundries	187 16 5
" 31	" Profit and Loss	192	16	2	" 31	" Discount Reserve	192 16 2

Dr	DISCOUNT RESERVE ON CREDITORS				Cr		
19		£	s	d.	19	£	s d.
(a) Dec 31	To Balance	160	13	6			
" 31	" Profit and Loss	4	19	9			
(b) Dec 31	To Balance	160	13	6	(b) Dec 31	By Discts. Received	187 16 5
" 31	Discts Received	192	16	2			

Dr	PROFIT AND LOSS ACCOUNT				Cr		
				19		£	s d.
				(a) Dec 31	By Discts Received	187	16 5
				31	Discount Reserve	4	19 9
				(b) Dec 31	By Discts. Received	192	16 2

BALANCE SHEET, 31st December, 19

LIABILITIES		£	s	d.			
Sundry Creditors		5,626	10	11			
Less Discount Reserve		180	13	3			
		£5,446	17	8			

EXERCISE II—No 20

Dr		BAD DEBTS ACCOUNT				Cr	
19 Dec 31	To Sundries	£	s	d	19 Dec 31	By Profit and Loss	£ s d
		1 000					1 000
19 Dec 31	To Sundries	1 100			19 Dec 31	By Profit and Loss	1 100

Dr		BAD DEBTS RESERVE				Cr	
19 Dec 31	To Balance c/d	£	s	d	19 Jan 1 Dec 31	By Balance Profit and Loss	£ s d
		1 125					880 265
		£1 125					1 125
19 Dec 31	To Profit and Loss Balance c/d	174	9		19 Jan 1	By Balance b/d	1 125
" 31		95	11				
		£ 12					£1 125
					Dec. 31	By Balance b/d	9 0 11

Dr		PROFIT AND LOSS ACCOUNT				Cr	
19 Dec 31	To Bad Debts Bad Debts Reserve (Additional amount to raise reserve to 7½% of £15 000)	£	s	d			£ s d
		1 000					
		965					
		£1 285					
19 Dec 31	To Bad Debts	1 100			19 Dec 31	By Bad Debts Reserve (Amount credited to reduce reserve to 7½% of £12 674)	174 9 -

EXERCISE II—No 21

JOHN COMBINE

TRADING ACCOUNT

Dr		FOR THE YEAR ENDED 31ST DECEMBER 19				Cr	
		£	s	d		£	s d
To Stock 1st Jan	9 600				By Sales (less Returns Inwards £100)	24 900	
Purchases	12 000				Stock 31st Dec	3 500	
Railway Charges	500						
Wages	3 200						
Balance Gross Profit	3 100						
	£28 400					£28 400	- -

EXERCISE II—No 22

MESSRS BLACK & WHITE

TRADING AND PROFIT AND LOSS ACCOUNT

Dr

FOR THE YEAR ENDED 31ST DECEMBER 19

 C_r

	£	s	d	£	s	d		£	s	d	£	s	d
To Stock 1st Jan				3 000	-	-	By Sales				24 800	-	-
Purchases				16 450	-	-	Stock 31st Dec				3 225	-	-
Wages/manufactg				2 150	-	-							
Bal Gross Profit				6 425	-	-							
				28 025	-	-					28 025	-	-
To Salaries				820	-	-	By Trading Account				6 425	-	-
Rates and Taxes				325	-	-	Gross Profit						
Trade Charges				400	-	-							
Bad Debts Res.													
(5% of £13 100)	650	-											
Less Old Res	600	-											
				55	-	-							
Int on Loan A/c				225	-	-							
(4½% of £5 000)													
Depreciation—													
Plant & Mach ry				200	-	-							
(10% of £4 000)													
Lease (¼ of £2 400				400	-	-							
written off)													
Int on Cap A/cs													
Black													
(5% of £5 000)	250	-											
White													
(5% of £2 000)	100	-											
				350	-	-							
Bal — Net Profit													
to Capital A/cs													
Black ½ share	1 825	-											
White ½ share	1 825	-											
				1 650	-	-							
				16 425	-	-					16 425	-	-

MESSRS BLACK & WHITE

BALANCE SHEET AS AT 31ST DECEMBER 19 .

LIABILITIES				ASSETS			
	£	s	d		£	s	d
Loan Account				Bank			
Sundry Creditors			5 2 ⁰⁰	Sundry Debtors	13 100	-	1 200
Capital Accounts—			15 34 ⁰⁰	Less Bad Debts			
Block				Reserve.	65 ⁰⁰	-	
Bal 1st Jan	5 000	-					12 445
Add Interest	250	-		Stock			3 225
Sh of Profit	1 8 ⁰⁰	-		Plant	4 000	-	
				Less Depreciation	200	-	
	7 075	-					3 800
Less Drawings	500	-		Premium on Lease	2 400	-	
			6 575	Less annual amt			
				written off	400	-	
White							2 000
Bal 1st Jan	2 000	-		Freehold Land and			
Add Interest	100	-		Buildings			8 000
Sh of Profit	1 8 ⁰⁰	-					
	3 920	-					
Less Drawings	300	-					
			3 620				
			£ 30 670				£ 30 670

EXERCISE II—No 23

See *Advanced Accounts*, page 981 (under appropriate heading)

EXERCISE II—No 24

MESSRS SLANDER & BACKBITE

TRADING ACCOUNT

Dr						FOR THE YEAR ENDED 31ST DECEMBER, 19..						Cr					
	£	s	d	£	s	d		£	s	d	£	s	d				
To Stock 1st Jan				342	-	-	By Sales and Subscriptions										
" Purchases—							(Newspaper Dept)	4 852									
Paper	2 229	-	-				Sales (Job Dept)	848			5 70	-	-				
Ink	88			2 308	-	-	Advertisements										
Lit Contributions				893	-	-	(Receipts)	6 290									
Reporters Salary				799	-	-	Less amt paid				5 540	-	-				
Comps Wages				2 035	-	-	in advance	750	-	-	381	-	-				
Machine & Engine							Stock 31st Dec										
room Expenses				242	-	-											
Carriage				264	-	-											
Bal—Gross Profit				4 734	-	-											
				£ 11,621	-	-					£ 11,621	-	-				

MESSRS SLANDER & BACKBITE

PROFIT AND LOSS ACCOUNT

Dr						FOR THE YEAR ENDED 31ST DECEMBER 19						Cr					
	£	s	d	£	s	d		£	s	d	£	s	d				
To Office Salaries				748			By Trading Account										
Rates Taxes & Gas				50			Gross Profit				4 734						
Insurance				34			Bad Debts Res.										
Postages				182			1st Jan	430									
Exps of Bch Office				129			Less New Pro										
Audit Fee				52			vision (5% of										
Stable Expenses				121			£8,440)	422									
Law Charges				124													
Commissions				152													
Bank Interest				37	10												
Trade and Inci																	
dental Exps				82													
Bad Debts				142													
Depreciation—																	
Plant																	
(10% of £4,400)	440																
Type																	
(20% of £2,900)	580																
Horses & Carts																	
(10% of £194)	19	8															
				1 039	8												
Bal — Net Profit																	
to Capital A/cs																	
(½ of £1,849/2/				1 849	2												
to each partner)																	
				£4 742							£4 742						

EXERCISE II—No 24 (contd)

MESSRS SLANDER & BACKBITE
BALANCE SHEET AS AT 31ST DECEMBER 19 .

LIABILITIES	£	s	d	£	s	d	ASSETS	£	s	d	£	s	d	
Bank Overdraft	1	9	0				Cash				£	457	-	
Add Int accrued	37	10					Sundry Debtors	8	440	-				
				1	537	10	Less Bad Debts							
Sundry Creditors				862	-		Reserve	4	2		8	018	-	
Advt paid in advance				700	-						381	-		
Capital Accounts—							Stock							
S Slander							Plant & Machinery	4	400	-				
Bal 1st Jan	9	64	-				Less Depreciation	440			3	960	-	
Add Sh. of Profit	9	4	11				Type	2	900					
							Less Depreciation	580			2	320	-	
Less Drawings	10	788	11				Horses and Carts	194						
	1	040		9	748	11	Less Depreciation	19	8		174	12	-	
B B Cbite							Freehold Works	4	950					
Bal 1st Jan	7	540					Add Extensions during year	150	-		5	100	-	
Add Sh. Profit	9	24	11											
Less Drawings	8	464	11											
	9	52												
				7	512	11								
				20	410	12					£	20	410	12

EXERCISE II—No 25

JOURNAL OF W JONES & CO
JOURNAL ENTRIES FOR ADJUSTMENTS

19		£	s	d	£	s	d
	(a) Machinery and Plant A/c To Purchases A/c	450	-		450	-	
	(b) G Smith To Bad Debts Recovered A/c	15	12	8	15	12	8
	(c) B Brown To Allowances A/c	10	4	8	10	4	8
	(d) Returns Inwards A/c To R Robinson	52	1	4	52	1	4
		£527	18	8	£527	18	8

EXERCISE II—No 25 (contd)

STATEMENT OF ADJUSTED PROFIT

		Dr			Cr		
		£	s	d	£	s	d
19.	Balance as per Profit and Loss A/c				2,481	6	4
	(a) Reduction of Purchases				450	-	-
	(b) Recovery of amount previously W/o				15	12	8
	(c) Reduction of Allowances				10	4	8
	(d) Adjustment of Sales to NET amount	52	1	4			
	Total CREDIT of Profit & Loss A/c				2,957	3	8
	Less DEBIT item of P and L A/c				52	1	4
	Actual Profit for year				£2,905	2	4

EXERCISE II—No. 26

Dr		PUBLICATION OF BOOKS ACCOUNT			Cr				
Year 1	To Paper	£	s	d	Year 1	By Sales i.e.	£	s	d
	Printing	70	-	-		(2 000 Copies @ 5/- ea)	500	-	-
	Binding	100	-	-		Stock at Cost	90	-	-
	Royalties	100	-	-		$\left(\frac{900 \times 300}{3 000} \right)$			
	Advertising	30	-	-					
	Profit on Sales	190	-	-					
		£590	-	-			£590	-	-
Year 2	To Stock (at Cost)	90	-	-	Year 2	By Sales i.e.	£	s	d
	Royalties	45	-	-		(900 Copies @ 5/- ea)	225	-	-
	Profit on Sales	90	-	-					
		£225	-	-			£225	-	-

Dr		AUTHOR'S ACCOUNT				Cr		
						£	s	d
			Year 1	By Royalties	.	100	-	-
			Year 2	By Royalties	.	45	-	-

Dr		ROYALTIES ACCOUNT			Cr				
		£	s	d					
Year 1	To Author . .	100	-	-	Year 1	By Publication of Books	100	-	-
Year 2	To Author . .	45	-	-	Year 2	By Publication of Books	45	-	-

EXERCISE II—No 27

H FRANCIS

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

[illegible]

EXERCISE II—No 27 (contd.)

H FRANCIS

Dr PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19 Cr.

	£	s	d	£	s	d	By Trading Account	£	s	d
To General Expenses . . .				241	2	2	By Trading Account	2,004	10	7
" Discounts Allowed . . .				263	12		" Discounts Recd	199	7	9
" Bank Charges . . .				7	8	8				
" Office Salaries . . .				427	12					
" Rates and Taxes . . .				242		1				
" Insurance . . .	47	6	3							
" Less amount unexpired . . .	12	4	2							
" Bad Debts . . .				35	2	1				
" Stationery . . .				92	12	2				
" Bad Debts Reserve . . .	500			47	8	2				
" (Amount required)										
" Less Old Reserve . . .	310	7	6							
" Interest Due on Loan Account				189	12	6				
" Depreciation—				12						
Plant and Machinery . . .	144	5	3							
(10% of £1,442/12/11)										
Furniture, etc . . .	34	4	2							
(10% of £342/1/7)										
" Balance Nxt Profit . . .				178	9	5				
				468	9	4				
				£2,203	8	7		£2,203	8	7

EXERCISE II—No 27 (cont'd)

TH FRANCIS

BALANCE SHEET AS AT 31ST DECEMBER 19 .

LIABILITIES		£	s	d	£	s	d	Assets	£	s	d
Sundry Creditors					1 492	14	11	Cash			
(including Purchase of Machine unpaid)						242	16	Bank			
E. A. Francis (Loan Account)					1 012			Bills Receivable			
Capital Account—								Sundry Debtors			
Balance 1st Jan		10 000						Less Bad Debts Reserve			
Add Profit for year		466	9	4				Stock			
		10 466	9	4				Furniture			
Less Drawings		420	-	-	10 046	9	4	Less Depreciation			
								Plant and Machinery			
								Add New Machine			
								Less Depreciation			
								Land and Buildings			
								Unexpired Insurance			
					£ 12 551	4	3				

EXERCISE II—No 28

RENT AND RATES ACCOUNT OF RILEY BROS.

Dr Cr

1936		£	s	d	1936		£	s	d
Jan 1	Rates prepaid	38	5	9	Jan 1	Rent outstanding	90	-	-
4	Rent for Christmas	90	-	-	Dec 31	Balance to P and L A/c	513	7	4
Mar 29	Rent for Lady Day	90	-	-					
June 26	Rates to 30th Sept	74	14	8					
July 7	Rent for Midsummer	90	-	-					
Sept 30	Rent for Michaelmas	90	-	-					
Dec 28	Rent for Christmas	90	-	-					
" 31	Rates owing c d	40	8	11					
		£603	7	4			£603	7	4
					1937				
					Jan 1	Rates owing b d	40	8	11

EXERCISE II—No 29.

RENT AND RATES ACCOUNT OF A LIMITED CO

Dr					Cr				
1933		£	s	d	1933		£	s	d
July 1	Rates prepaid	295	-	-	June 30	Rate prepaid	305	-	-
Sept 30	Rent	500	-	-	30	Balance to P and L A/c	3,190	-	-
Dec 31	Rent	500	-	-					
1934									
Mar 31	Rates	590	-	-					
31	Rent	500	-	-					
June 30	Rent	500	-	-					
30	Rates	610	-	-					
		£ 3 495	-	-			£ 3,495	-	-

Note: The quarter's Rent to June 1933, does not apply to the year under review. Although paid on 10th July, that amount is debited to Landlord's Account, the Rent Account including the June quarter will have been transferred to Profit and Loss Account for the year ended June, 1933.

EXERCISE II—No 30

JAMES THOMPSON

TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE HALF YEAR ENDED 30TH JUNE 19

Dr

Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Stock 1st Jan				4 850			By Sales	36 700					
Wages				12 684			Less Allowances and Returns	500					
Royalty				5 000			Stock 30th June				36 700		
Coals				1 260							5 000		
Candles and Oil				390									
Powder				372									
Ropes				53									
Timber				1 280									
Bal Gross Profit				10 311									
				41 900									
To Carrage & Freight				913							41 900		
Salaries				939									
Rents Rates and Taxes							By Trading Account						
Repairs				2 330			Gross Profit						
Bank Charges				390			Debits received				10 311		
Debits allowed				200			Debit Reserve or Creditors				75		
Damages for Breach of Contract				850			(24% of £8 000)						
Reserve for Bad Debts (amount provided)				100							200		
Discount Reserve on Debtors (24% of £6 300) (£445)				445									
Depreciation—Plant and Machinery (5% of £3 520 for 6 months)				146 7 6									
Lease (proportion written off to extinguish in 1 year)				88 1									
Bal — Net Profit to Capital A/c				550									
				8 664 11 6									
				15 586							15 586		

JAMES THOMPSON

BALANCE SHEET AS AT 30TH JUNE 19

LIABILITIES	£	s	d	£	s	d	ASSETS	£	s	d	£	s	d
Sundry Creditors	8 000						Cash	5 709					
Less Discount Reserve	200						Bank						
				7 800			Sundry Debtors	6 300			5 718		
Wages unpaid							Less Bad Debts Res						
Capital Account—							Dis. Res	445					
Balance 1st Jan	20 000												
Add Profit for 1/2 yr	8 664	11	6										
	28 664	11	6										
Less Drawings	800												
				27 864	11	6					5 708	12	6
							Stock				5 000		
							Office Furniture				100		
							Plant & Machinery	3 522					
							Less Depreciation	88	1				
											3 433	10	
							Lease	16 500					
							Less amount written off	550					
											15 950		
							Fire Insurance paid				40		
											35 950	11	6

EXERCISE III No. 1

JOURNAL OF A, B, and C

			£	s	d	£	s	d
(a)	Depreciation Dr		97	10	-	37	10	-
	To Shop Fittings etc							
(b)	A's Current Account Dr		3	10	-	3	10	-
	To Wages Account							
(c)	Advertising Dr		42	-	-	42	-	-
	To Stock Account							
(d)	Interest Account Dr	1,000	-	-	-	450	-	-
	To A's Capital Account					350	-	-
	.. B's Capital Account					200	-	-
	.. C's Capital Account							

EXERCISE III—No. 2.

Dr		DISCOUNTS RECEIVED ACCOUNT				Cr	
19	(a) Dec 31	To Profit and Loss	£	s	d	19	(a) Dec 31
			57	12	2		By Sundries
(b) Dec 31		To Discount Reserve	57	12	2		By Sundries
31		Profit and Loss	33	19	10	31	Discount Reserve

Dr		DISCOUNT RESERVE ON CREDITORS				Cr	
19	(a) Dec 1	To Balance	£	s	d	19	(a) Dec 31
			157	9	9		By Profit and Loss
(b) Dec 31		To Balance	157	9	9	(b) Dec 31	By Discs Received
31		Discs Received	33	12	10		

Dr		PROFIT AND LOSS ACCOUNT				Cr	
19	(a) Dec 31	To Discount Reserve	£	s	d	19	(a) Dec 31
			23	19	4		By Discs Received
						(b) Dec 31	" " "

BALANCE SHEET 31st December 19.

LIABILITIES		£	s	d			
Sundry Creditors		5	340	18	10		
Less Discount Reserve		133	10	5			
		£	207	8	5		

EXERCISE III—No 3

JOURNAL

			£	s	d	£	s	d
(a)	Discount Account	Dr	1	5	3	1	5	3
	To Suspense Account							
(b)	Suspense Account	Dr	9	-	-	9	-	-
	To Wages							
(c)	Suspense Account	Dr	4	15	-	4	15	-
	To Sundry Creditors							
(d)	Sales Account	Dr	1	-	-	1	-	-
	To Suspense Account							

EXERCISE III—No 4

Dr		SUSPENSE ACCOUNT				Cr					
19	To Balance	£	77	s	d	19	By Discount	£	3	s	d
	Sales		9	-	-		Customer		80	-	4
	Cash Purchases		1	18	4		General Expenses		5	-	-
			£88	6	4				£88	6	4

EXERCISE III—No 5

BALANCE SHEET OF CHAS. CANTAUR

LIABILITIES	£	s	d	ASSETS	£	s	d
Bank Overdraft	146	-	-	Cash in hand	147	-	-
Loan Account	7 000	-	-	Stock	617	-	-
Sundry Creditors	4 600	-	-	Sundry Debtors	3 457	-	-
Capital Account	1 000	-	-	Furniture etc	780	-	-
Balance 1st Jan	£513	-	-	Less Depreciation	78	-	-
Add Profit	156	-	-	Freehold Premises	3 000	-	-
	£669	-	-				
Less Drawings	512	-	-				
	£157	-	-				
	£790	-	-				

EXERCISE III—No. 6.

JOURNAL
ADJUSTMENT ENTRIES

		£	s	d	£	s	d
(1)	H. Carver To Suspense Account	Dr	22	15	-	22	15
(2)	Plant and Machinery To Purchases Account	Dr	350	-	-	350	-
(3)	Suspense Account To Returns Inward	Dr	91	-	-	91	-
(4)	Sales Account To Suspense Account	Dr	68	5	-	68	5
Net Profit						3	53
Add Purchases wrongly charged			350	-	-		
Returns Inward Over-cast			91	-	-		
			441	-	-		
Less Sales Over-cast			68	5	-		
						372	15
Adjusted NET Profit						£3	926 12 1

EXERCISE III—No. 7

JOURNAL

		£	s	d	£	s	d
Bad Debts Reserve	Dr	92	7	6	92	7	6
To Bad Debts							
Sundry Creditors	Dr	8	15	-	8	15	-
To Bad Debts Reserve							
Profit and Loss Account	Dr	108	12	6	108	12	6
To Bad Debts Reserve							

Dr

BAD DEBTS RESERVE ACCOUNT

Cr

	£	s	d		£	s	d
To Bad Debts	92	7	6	By Balance	73	-	-
Balance old	108	-	-	Sundry Creditors	8	15	-
				Profit and Loss	108	12	6
	£192	7	6		£192	7	6

EXERCISE III—No 8

	£	s	d	£	s	d
Difference in totals of Trial Balance as stated	38	9	3			
(a) Amount omitted from list of credit balances in the Bought Ledger				5	9	6
(b) Amount required to be debited to Debtor to correct posting of £3 15s cash received as £3 13s	1	18	—			
(c) Allowance debited to creditor and not entered elsewhere required to be credited to Returns Outwards through Returns Outwards Book					19	9
(d) Amount required to be credited to Discounts Received to compensate for £17 4s posted to debit of that account instead of the credit				34	8	—
	£40	7	3	40	17	3
Difference still remaining		10	—			
	£40	17	3	£40	17	3

EXERCISE III—No 9

Percentage of	(a) Gross Profit on Sales = $\frac{1\,700 \times 100}{5\,100} = 33\frac{1}{3}\%$
	(b) Gross Profit on Cost of Goods Sold = $\frac{1\,700 \times 100}{3\,400} = 50\%$
	(c) Net Profit on Sales = $\frac{1\,020 \times 100}{5\,100} = 20\%$
	(d) Expenses on Cost of Goods Sold = $\frac{680 \times 100}{3\,400} = 20\%$

EXERCISE III—No 10

The books used in the Counting house of a City Warehouseman are as follows—

- | | |
|--------------------|-------------------|
| (1) Ledger | (4) Sales Book |
| (2) Cash Book | (5) Bills Books |
| (3) Purchases Book | (6) Returns Books |

The Ledger is of essential importance

Note—The Cash Book proper is part of the LEDGER

EXERCISE III—No 11

See *Advanced Accounts* pages 290 and 291 for example of Cash Book

EXERCISE III.—No 13.

MESSRS A MACADAM & J WESTRUM

Dr TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19 . Cr

	£	s	d	£	s	d	£	s	d	£	s	d
To Stock 1st Jan	9 284	1	6	2 019	3	7	114	174	6	13 904	1	6
By Purchases	670	2					370	2		1 991	7	8
Less Returns Outward												
Wages				8 413	19	6						
Manufacturing Expenses				2 001	15	7						
Balance Gross Profit b/d				225	10	4						
				3 238	3							
				£ 15 895	12							
To General Expenses				150	6					13 895	1	
Rates and Taxes	107	4	9							3 238	3	
Less Amount carried forward	27	1	9	140	3					29	18	8
Insurance												
Less Amount carried forward	66	9	7									
	16	7	8	50	1	10						
Salar es				688	8							
Discount Account (allowed)				38	4	1						
Bad Debt Reserve (5% of £1,098/15/-)	79	16	9									
Less Old Reserve	68	3		13	19	9						
Depreciation—												
Land and Buildings (21% of £9 960)	124											
Fleet and Machinery (10% of £1 038/10/-)	103	13										
Interest on Capital Accounts—				227	19							
A Macadam (5% of £8 000)	300											
J Westrum (5% of £1 938)	100											
Partnership Salary provided												
Balance Net Profit to Capital Accounts—												
A Macadam (1/3 share)	958	4		400								
J Westrum (1/3 share)	319	8		300								
				1 277	12							
				£ 268	1	8						

EXERCISE III—No. 13 (contd.).

MESSRS A MACADAM & J WESTRUM
BALANCE SHEET AS AT 31ST DECEMBER 1911.

LIABILITIES		£	s	d	£	s	d	£	s	d
Sundry Creditors	.	6 000			1,362	13	8	719	13	-
Capital Accounts—		2,000			8 000			1,516	13	3
Angus Mac Adam	.							1 991	7	6
John Westrum	.							932	17	-
Drawing Accounts—								4,836	-	-
Angus Mac Adam	.	900						43	9	6
Interest on Capital	.	959	4							
Share of Profit	.	1 258	4	-						
Less Drawings	.	1 000			258	4				
John Westrum	.	100								
Interest on Capital	.	400								
Partnership Salary	.	319	8							
Share of Profit	.	719	8							
Less Drawings.	.	400			419	8				
					10 040	5	7	10,040	5	3

EXERCISE III—No 1A

Instructions suggested are--

(a) The clerks responsible for Inwards Invoices etc should be careful to analyse items under appropriate headings viz (1) Capital or (2) Revenue

(b) The clerks should make strict inquiries as to whether values stated in invoices with regard to stocks, materials, etc. are to hand.

(c) When examining invoices care must be taken in dealing with charges for boxes or packages which may be returnable so that such items can be properly accounted for in the Trading Account.

(d) Clerks must exercise care with regard to proportional amounts *re* Wages, Rent, Insurances etc. so that the exact amounts chargeable against the accounting period are brought into account.

EXERCISE III--No 15

NORMAN LOCKELL

PROFIT AND LOSS ACCOUNT

[illegible]

NORMAN LOCKELL

TRADING ACCOUNT

INCOME ACCOUNT										
Dr		FOR THE YEAR ENDED 31ST DECEMBER 19						Cr		
	£	s	d	£	s	d		£	s	d
To Stock 1st Jan				9 570			By Sales	44 870		
" Purchases				25 380			Less Returns			
" Wages of Workmen				11 78			Inwards	3 190		
Bal—Gross Profit				11 74			Stock 31st Dec			11 780
				£ 79 4						£ 57 9 4

EXERCISE III—No 15 (contd.)

NORMAN LOCKELL
BALANCE SHEET AS AT 31ST DECEMBER 19..

LIABILITIES				ASSETS			
£	s	d		£	s	d	
Bank Loan (including Interest)			4 100	Cash			3 0
Bills Payable			5 140	Bills Receivable			1 508
Sundry Creditors			7 720	Sundry Debtors	12 208	-	
Capital Account—				Less Bad Debts			
Balance 1st Jan	25 300	-		Reserve	660	8	
Add Interest	1 200	-		Stock			12 547 12
Net Profit for year	9 050	12	-	Consignments	1 800	-	
				Less Advances thereon	1 000	-	
Less Drawings	24 9	-		Plant & Machinery	7 640	-	
				Less Depreciation	704	-	
			27 210 12	Premises	6 000	-	
				Less Depreciation	100	-	
				Unexpired Insurance			20
							5 900
							44 170 12
			£ 44 170 12				£ 44 170 12

EXERCISE III—No 16

GREEN RICHARDS & CO

TRADING ACCOUNT

Dr FOR THE YEAR ENDED 31st DECEMBER, 19.. Cr

		£	s d			£	s d
To Stock 1st Jan		7 017	13 8	By Sales		73 483	10 10
„ Purchases		62 169	7 3	„ Stock 31st Dec		8 316	19 10
„ Wages		3 013	4 4				
„ Balance Gross Profit		9 600	5 5				
		£ 81 800	10 8			£ 81 800	10 8

EXERCISE III—No 16 (contd)

GREEN RICHARDS & CO

PROFIT AND LOSS ACCOUNT

Dr		FOR THE YEAR ENDED 31ST DECEMBER 19						Cr		
	£	s	d	£	s	d		£	s	d
To Salaries of Staff				618	13	8	By Trading Account			
Office Expenses				493	8	5	Gross Profit	9 600	5	5
Doubtful				394	11	3				
Interest on Loans				12	10					
Insurance				63	4					
Bad Debts				17	2	6				
Sundry Trade										
Charges				2 838	18	9				
Depreciation—										
Machinery										
(7½% of £10 000)	750									
Works										
(2½% of £6 500)	162	10								
				912	10					
Partnership Salaries										
(£500 to each partner)				1 500						
Int on Cap A/cs										
J Green										
(5% of £8 000)	400									
H Richards										
(5% of £7 000)	350									
R Everitt										
(5% of £5 000)	250									
				1 000						
Loss on Consignment				198	10					
Bal—Net Profit										
to Capital A/cs										
(£1 550 16 10										
to each partner)				1 550	16	10				
				9 600	5	5		9 600	5	5

GREEN RICHARDS & CO

BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES		£	s	d	£	s	d	ASSETS		£	s	d	£	s	d
Loans					500			Cash		16	14	11			
Bills Payable					918	19	11	Bank		1 029	17	7			
Sundry Creditors					4 726	15	2	Bills Receivable					1 046	12	6
Capital Accounts—								Sundry Debtors		5 162	11	1	363	10	
J Green								Less Bad Debts							
Bal 1st June	8 000							Reserve		100					
Add Interest	400									5 062	11	1			
Salary	500							Less Dividend		182	11	6			
Sh of Profit	516	19			9 416	19		Stock					4 879	19	7
H Richards								Machinery		10 000			8 316	19	10
Bal 1st Jan	7 000							Less Depreciation		750					
Add Interest	350							Property—Works		6 500			9 250		
Salary	500							Less Depreciation		162	10		6 337	10	
Sh of Profit	516	18	11		8 366	18	11								
R Everitt															
Bal 1st Jan	5 000														
Add Interest	250														
Salary	500														
Sh of Profit	516	18	11		6 266	18	11								
					30 196	11	11						30 196	11	11

EXERCISE III—No 18

JOURNAL OF BLACK & BROWN

JOURNAL ADJUSTMENT ENTRIES

19		£ s d			£ s d		
		£	s	d	£	s	d
	(a) Buildings Account To Repairs Account	198	-		198	-	-
	(b) Jas Smith To Allowances Account	18	2	4	18	2	4
	(c) Machinery Account To Wages (manufacturing)	141	-		141	-	-
	(d) Sales Returns To F White	64	-		64	-	-
		421	2	4	421	2	4
	The Profit and Loss Account would be adjusted as follows—	DEBITED			CREDITED		
	(a) Buildings (reduction of Repairs)				198	-	-
	(b) J Smith (reduction of Allowances)				18	2	4
	(c) Machinery (reduction of Mfg Wages)				141	-	-
	(d) Francis White (Sales Returns) .	64	-				
	TOTAL CREDITS .				357	2	4
	LESS ITEM OF DEBIT .				64	-	-
	NET increase of Profit				293	2	4

EXERCISE III—No 19 (contd.).

PEARSON & MACGREGOR

Dr PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19.. Cr

	£	s	d	£	s	d	£	s	d
To Repairs and Renewals				248	2	1			
" Bad Debts				89	4	2			
" Travelling Expenses				156	14	2			
" Stable Expenses				192	1	4			
" Salaries				346	2	3			
" Water, Gas etc				126	2	7			
" Rent	150								
" Add Rent Outstanding	50								
" Insurance				200					
Less Amount unexpired	30	5	2						
" Trade Expenses	7								
General Expenses				23	5	2			
Rates and Taxes				197	18	1			
Less Amount unexpired	127	4	6	203	1	2			
" Commission	14	8	7						
" Bad Debts Reserve (amount required)	500			112	15	11			
Less Old Reserve	180			62	12	7			
" Depreciation—				350					
Plant and Machinery (10% of £847/10/-)	84	15							
Horses and Carts (15% of £356/14/11)	53	10	3						
Fixtures, etc (5% of £375/8/9)	18	15	3						
" Interest on Capital Accounts—				157		8			
J Pearson (5% of £8 000)	300								
A Macgregor (5% of £3 000)	150								
Balance Ner Profit to Capital Account—				450					
J Pearson 1/3 share	609	3	7						
A Macgregor, 1/3 share	304	11	10						
				913	15	5			
				£3 828	15	5			
							£3 828	15	5

EXERCISE III—No 20

C English s—

(a) Circulating Assets £3 500

(b) Fixed Assets £2 760

(c) Working Capital £3 500 (This item may also be equal to Liquid Assets less Liquid Liabilities (£3 500 - £1 450 = £2 050))

(d) Capital would be £4 860

(e) Net Profit should be £190

(f) The creditors would still be £1 450 as the purchase of new machine relates to the ensuing financial year

EXERCISE III—No 21

Dr

ADVERTISING SUSPENSE ACCOUNT

Cr

1931

	£	s	d		£	s	d
To Advertising Balance c/d	498	10		By Profit and Loss	500		
	500				500		

1932

	£	s	d		£	s	d
To Advertising	578			By Balance b/d	602		
				Profit and Loss Account	500		
				Balance c/d	281		
	578				578		

1933

	£	s	d		£	s	d
To Balance b/d Advertising	281	30		By Profit and Loss Account	500		
	59			Balance c/d	92		
	59				59		

1934

	£	s	d		£	s	d
To Balance b/d Advertising	2	27	1	By Profit and Loss Account	500		
Balance c/d	192						
	191				500		

1935

	£	s	d		£	s	d
To Advertising	346			By Balance b/d	134		
				Profit and Loss Account	500		
				Balance c/d	829		
	346				468		
To Balance b/d	829						

EXERCISE III—No 21 (contd)

BALANCE SHEET

LIABILITIES				ASSETS			
1931	£	s	d	1932	£	s	d
Advertising Suspense A/c	1,002	-	-	Advertising Suspense A/c	1,293	-	-
1934	1,137	-	-	1933	92	-	-
				1935	229	-	-

EXERCISE III—No 22.

JOURNAL ENTRIES

19		£	s	d	£	s	d
	Trading Account	5,695	-	-			
	To Carriage Inwards				200	-	-
	" Rent, Rates, etc				960	-	-
	½ of £1 200						
	To Wages and Salaries				4,400	-	-
	Lighting and Heating				135	-	-
	Balances transferred						
	Profit and Loss Account	2,335	-	-			
	To Salaries and Wages				500	-	-
	" Lighting and Heating				220	-	-
	" Directors' Remuneration				1,000	-	-
	" Discounts and Allowances				190	-	-
	" Rent, Rates, etc (½ of £1,200)				240	-	-
	" Repairs to Plant, etc				185	-	-
	Balances transferred						
	Discount on Purchases	210	-	-			
	To Profit and Loss Account				210	-	-
	Balance transferred						
		£8 240	-	-	£8,240	-	-

EXERCISE III—No 23

A *Capital Account* is the account of the proprietor of a business. It embraces, ordinarily, the amount introduced to commence business, interest due on that sum, profit or loss arising out of the business, and drawings (if any).

Gross Profit is the amount by which the selling price exceeds the cost price.

Net Profit is the amount by which the Gross profit exceeds the selling and administrative expenses.

A *Trading Account* (or *Working Account*) deals with purchasing and manufacturing expenses.

A *Profit and Loss Account* deals with selling and administration expenses (See *Advanced Accounts*, Chapter IV).

EXERCISE III—No 24

Dr		Z COBB—CAPITAL ACCOUNT						Cr							
1934 Sept 30	To Balance c/d	£	s	d	10 000	-	-	1933 Oct 1	By Balance	£	s	d	8 800	-	-
								1934 Apr 1	Bank				1 200	-	-
		£			10 000	-	-			£			10 000	-	-
								1934 Oct 1	By Balance b/d				10 000	-	-

Dr		CURRENT ACCOUNT						Cr	
1933/34 Oct 1/ Sept 30	To Drawings Balance c/d	£	s	d	1933 Oct 1	By Balance	£	s	d
		2 000			1934 Sept 30	Interest	203		
		196	6	8	30	Share of Profit ‡	440		
					30		30		
							1 523	6	8
		£2 196	6	8			£2 196	6	8
					1934 Oct 1	By Balance b/d	196	6	8

Dr		R COBB—CAPITAL ACCOUNT						Cr	
1934		£	s	d	1933		£	s	d
Sept 30	To Balance c/d	5 000	—	—	Oct 1	By Balance	3 600	—	—
					1934				
					Apr 1	Bank	1 400	—	—
		£5 000	—	—			£5 000	—	—
					1934				
					Oct 1	By Balance b/d	5 000	—	—

Dr		CURRENT ACCOUNT						Cr	
1933		£	s	d	1934		£	s	d
Oct 1	To Balance	104			Sept 30	By Interest	180		
1933/34					30		35		
Oct 1/	Drawings	1 500			30	Share of Profit ‡	761	13	4
Sept 30					30	Balance c/d	627	6	8
		£1 604					£1 604		
1934									
Oct 1	To Balance b/d	627	6	8					

EXERCISE III—No 25

Dr.		A BUYER'S ACCOUNT						Cr	
1933		£	s	d	1933		£	s	d
Jan 1	To Balance	15	9	3	Jan 13	By Returns	5	-	-
" 10	Sales	40	-	-	Feb 5	Cash	48	14	3
June 23	"	36	-	-	May 5	Discount	1	15	-
Aug 17	"	45	-	-	Nov 30	Cash (Deposit)	100	-	-
27	"	59	-	-	30	Bad Debts	30	-	-
						Balance c/d	10	-	-
		£195	9	3			£195	9	3
1933					1934				
Nov 30	To Balance b/d	10	-	-	Feb 1	By Cash	10	5	6
Feb 1	Profit and Loss		5	6			£10	5	6
		£10	5	6					

EXERCISE III—No 26

Dr		G READER—CAPITAL ACCOUNT						Cr	
1931		£	s	d	1931		£	s	d
Dec 31	To Balance c/d	3 000	-	-	Jan 1	By Balance Bank	2 500	-	-
		£3 000	-	-	July 1		500	-	-
							£3 000	-	-
					1932				
					Jan 1	By Balance b/d	3 000	-	-

Dr		G READER—CURRENT ACCOUNT						Cr	
1931		£	s	d	1931		£	s	d
Jan 1	To Drawings	320	-	-	Dec 31	By Interest	125	-	-
Dec 31	Balance c/d	194	3	4	31	Share of Profit	12	10	-
		£514	3	4			376	15	4
							£514	3	4
					1932				
					Jan 1	By Balance b/d	194	3	4

Dr		A STOREY—CAPITAL ACCOUNT						Cr	
1931		£	s	d	1931		£	s	d
Dec 31	To Balance	3 000	-	-	Jan 1	By Balance Bank	2 500	-	-
		£3 000	-	-	July 1		500	-	-
							£3 000	-	-
					1934				
					Jan 1	By Balance b/d	3 000	-	-

EXERCISE III No 25 (contd)

Dr		A STOREY—CURRENT ACCOUNT			Cr		
1931		£	s	d	1931		£ s d
Jan /	To Drawings	3	0		Dec 31	By Interest	12 10
Dec 31	Balance c/d		16	8	31	Share of Profit ½	188 6 8
		£375	16	8			£325 16 8
					1932		
					Jan 1	By Balance b/d	3 16 8

EXERCISE III—No 27

NOMINAL LEDGER

Dr		TELEPHONE ACCOUNT (1939)				Cr			
1939		£	s	d	1939		£	s	d
Mar 31	To Qrs Rent	3	7	8	Dec 31	By Profit and Loss A/c	34	14	8
	Calls	6	7	10					
June 30	Qrs Rent	3	7	8					
	Cal s	5	3						
Sept 30	Qrs Rent	3	7	8					
	Calls	4	16						
Dec 31	Qrs Rent	3	7	8					
	Calls	4	17	2					
		£34	14	8			£34	14	8

EXERCISE III—No 28

- (a) Revaluation of stock is necessary to avoid carrying a wrong value of this asset to the Balance Sheet as stock in trade is subject to market fluctuations and it is prudent to adjust such stock to its present market value
- (b) This value would be debited to a new Stock Account

EXERCISE III—No 29

Dr		RENT AND RATES ACCOUNT				Cr	
1935		£	s	d	1935		£ s d
Feb 1	To Rates (prepaid) b f	30			Jan 31	By Rates (prepa d) c d	29
Apr 1	Rent	150			31	Profit and Loss A/c	808
July 1		180					
Oct 1		180					
Dec 15	Rates	87					
31	Income Tax Sch A	150					
1936							
Jan 1	Rent (net)	30					
		£837	-				£837
1936							
Feb 1	To Rates (prepa d)	29					

EXERCISE III—No 30

- (a) Capital Expenditure (b) Revenue Expenditure (c) Revenue Expenditure (d) Capital Expenditure

EXERCISE IV—No 1.

Dr		Cr.	
TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1937			
	£		£
To Stock, 1st April, 1936	67,750	By Credit Sales	124,756
" Purchases	95,585	" Cash Sales	10,626
" Wages	10,607		
" Balance, Gross Profit c/d	31,540	" Stock at close 31st March, 1937	135,782
	<u>£205,482</u>		<u>70,100</u>
22 To Trade Expenses	15,206	By Gross Profit b/d	31,540
Less Insurance prepaid	62	" Discounts Received	2,006
" Discounts allowed			
" Bad Debts Reserve (new)	1,125		
Less Old Reserve	1,070		
" Depreciation of Plant 10 per cent			
" Debenture Interest			
" Balance, Net Profit			
			<u>£33,546</u>

EXERCISE IV -No 1 (contd)

BALANCE SHEET AS AT 31st MARCH 1937				
CAPITAL AND LIABILITIES		Assets		
Share Capital—		Buildings		£
Authorized and Issued		Plant and Machinery		68 250
Debitures		Less Depreciation		6 825
Creditors		Stock		
	200 000	Debtors		11 250
	50 000	Less Reserves for Bad Debts		1 125
	17 205	Insurance prepaid		
		Bank		
		Profit and Loss Balance brought forward		
		from Last Year		22 799
		Less Net Profit this year		6 220
				16 579
				£267 205
	£267 205			£267 205

EXERCISE IV—No 2.

STATEMENT OF NET EARNINGS

	1934	1935
	£	£
Cash Receipts	619	1,042
Add Fees owing	173	281
	<u>£792</u>	<u>£1,323</u>
Less Expenses	196	248
	<u>£596</u>	<u>£1,075</u>
It is assumed that the £173 Fees owing have been paid, which amount must be deducted from net earnings in the year 1935		173
		<u>£902</u>

EXERCISE IV--No. 3

STATEMENT OF PROFIT AND LOSS OF FROST AND SNOW FOR THE YEAR ENDED 31st DECEMBER 1935			
LIABILITIES			

LIABILITIES		ASSETS	
Sundry Creditors	£ 4,000	Cash at Bank	£ 3,213
Loan from Frost	125	Sundry Debtors	4,125
Add Interest accrued		Bills Receivable	14,110
Balance b/final capital		Plant and Machinery	5,400
		Add Additions	2,000
		Less Depreciation	7,400
			531
			£ 21,448
Capital 1st January 1935	10,000		6,869
Frost	4,000		£ 21,448
Snow			14,110
Balance Net Profit--			2,273
Frost	1,429		
Snow	16		
	953		
	4		
			£ 16,383

EXERCISE IV—No 3. (contd.)

STATEMENT OF AFFAIRS OF FROST AND SNOW AS AT 31ST DECEMBER, 1935

LIABILITIES AND CAPITAL							
Sundry Creditors Loan and Interest—Frost	Irost	Snow		3,213 4 125	Assets Cash at Bank Sundry Debtors Bills Receivable Stock in Trade Plant and Machinery .		
Capital 1st Jan. 1935	10 000	-	-				£ 1,399
Add Share of Profit	1 429	16	-				7,367
							1 000
	11,429	16	-				4,813
	1,243	-	-				6,869
Less Drawings							
	£10,186	16	-				
				14,110			
				£21,448			£21,448

STATEMENT OF PROFIT AND LOSS

31st DECEMBER 19

73

STATEMENT OF AFFAIRS

31st DECEMBER 19

[illegible]

✓ EXERCISE IV—No 5.

A's STATEMENT OF PROFIT AND LOSS

Dr.

31st DECEMBER, 19

Cr

	£	s	d	£	s	d	£	s	d
Sundry Creditors							£		
Loan Capital	500	-	-	1 950	-	-		410	-
Final Capital, 31st Dec, b/d :	10 153	-	-					1 900	-
								8 360	-
								133	-
								1 800	-
							£	12 603	-
Capital 1st Jan	6 900	-	-					10 153	-
Interest Accrued	345	-	-					300	-
Balance Net Profit									-
							£	10 453	-
									-
									-

EXERCISE IV—No 5 (contd.)

A's STATEMENT OF AFFAIRS

31st DECEMBER 19

[illegible]

EXERCISE IV—No. 6.

BALANCE SHEET AS AT 1ST JULY 1936

Dr	TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1937		Cr
	LIABILITIES	ASSETS	
Sundry Creditors	£ 250	Cash	£ 8
Capital	1,383	Cash at Bank	225
		Sundry Debtors	100
		Stock	400
		Plant and Machinery	900
	£1 633		£1 633

Dr	TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1937		Cr
To Stock, 1st July	£	By Sales	£
" Purchases, credit	3,217	" Drawings Account	4,175
Less Returns	50	" Stock, 31st June	39
" Carriage Inwards			350
" Wages			
" Balance, Gross Profit			
	3,167		
	84		
	300		
	613		
	£4,564		£4,564
To Sundry Expenses	£	By Balance, Gross Profit b/d	£
" Printing etc	125		613
" Rent and Rates	56		
" Heating and Lighting	125		
" Balance, Net Profit	39		
	268		
	£613		£613

EXERCISE IV—No 6 (contd)

BALANCE SHEET AS AT 30TH JUNE 1937

LIABILITIES				ASSETS	
Sundry Creditors	£	£	£ 200	Cash in hand	£ 6
Capital Account—				Cash at Bank	250
Balance 1st July		1 383		Stock	350
Add Year's Profit		268		Sundry Debtors	150
		1 651		Plant and Machinery	900
Less Drawings	156				
Stock	39	195	1 456		
			£ 1 656		
					£ 1 656

EXERCISE IV—No 7.

W Robinson does not appear to have an efficient system of book-keeping

(1) Additional books required are—

(a) Purchases Book, and (b) General Ledger

(2) Posting to Ledgers must be twofold. The accounts of Debtors must be offset by an account for Sales (for aggregate of the separate postings to customers)

Credit transactions with Creditors need the "double entry" records and can be effected by the aid of the Purchases Book

(3) Discount, Cash, and Details columns are required in the Cash Book to adequately record items of Discount, or amounts transferred, etc

(4) Complete records of all impersonal items (real and nominal) should be kept in the Ledger recommended

(5) Annual Accounts ' can be prepared by the adoption of double entry book-keeping as against the single entry method, which is unsatisfactory for that purpose

EXERCISE IV—No 8

See *Advanced Accounts*, page 3 (under "Accounts")

EXERCISE IV—No 9.

A *Trading Account* deals with purchasing and manufacturing expenses

A *Profit and Loss Account* deals with selling, distribution and administration expenses

Trading Account Items

Sales
Purchases
Manufacturing Wages
Carriage
Stocks and Materials

Profit and Loss Account Items

Allowances
Debenture Interest
Salaries
Advertising

All relate to cost of manufacture, except Sales, which is the turnover of a business

All are expenses of selling, distribution, or administration

EXERCISE IV—No 10

JOURNAL
(FIRST METHOD)

		£	s	d	£	s	d
19 Dec 31	Profit and Loss Account To Bad Debts Transfer of balance	233	3	2	236	3	2
31	Provision for Bad and Doubtful Debts To Bad Debts Reserve 5% of £5 721 15 8 = £286 1/9 Less Old Reserve 267/14 11	18	6	10	18	6	10
31	Profit and Loss Account To Provision for Bad Debts etc Transfer of balance	18	6	10	18	6	10
		£272	16	10	£272	16	10

JOURNAL
(SECOND METHOD)

		£	s	d	£	s	d
19 Dec 31	Bad Debts Reserve Account To Bad Debts Transfer of balance	236	3	2	236	3	2
31	Bad Debts To Bad Debts Reserve Amount required to raise reserve from £31/11/9 to £286 1/9 (5% of £5 721/15/8)	234	10		234	10	-
31	Profit and Loss Account To Bad Debts Transfer of balance	234	10		234	10	-
		£745	3	2	£745	3	2

EXERCISE IV—No. 10 (contd.).

PROFIT AND LOSS ACCOUNT
(FIRST METHOD)
(Dr Side)

19		£	s	d
		To Bad Debts	236	3 2
		.. Provision for Bad and Doubtful Debts.	18	6 10
			£254	10 -

PROFIT AND LOSS ACCOUNT
(SECOND METHOD)
(Dr Side)

19..		£	s	d.
	To Bad Debts	254	10	-

BALANCE SHEET
ASSETS

	£	s	d	£	s	d
Sundry Debtors	5 721	15	8			
Less Bad Debts Reserve	286	1	9	5,435	13	11

EXERCISE IV—No. 11.

JOURNAL
(FIRST METHOD)

19 .		£	s	d	£	s	d.
Dec 31	Profit and Loss Account	164	8	10	164	8	10
	To Discounts Allowed						
	Transfer of balance						
" 31	Provision for Discount Reserve on Debtors	28	4	6	28	4	6
	To Discount Reserve on Debtors						
	5% of (£3,895/14/11 - £194/15/9) = £185/1/-						
	Less Old Reserve £156/16/6						
" 31	Profit and Loss Account	28	4	6	28	4	6
	To Provision for Discount Res on Drs						
	Transfer of balance						
		£220	17	10	£220	17	10

JOURNAL
(SECOND METHOD)

		£	s	d	£	s	d
19							
Dec 31	Discount Reserve on Debtors . . .	164	8	10			
	To Discounts Allowed . . .				164	8	10
	Transfer of balance						
„ 31	Discounts Allowed Account	192	13	4			
	To Discount Reserve on Debtors				192	13	4
	Amount required to raise reserve from debit of £7/12/4 to credit of £185/1/ (5% of £3 700/19/2 [$\frac{1}{2}$ £3 895/14/11 less Bad Debts Reserve of 5% i.e. £194/15/9])						
„ 31	Profit and Loss Account	192	13	4			
	To Discounts Allowed . . .				192	13	4
	Transfer of balance						
		£549	15	6	£549	15	6

PROFIT AND LOSS ACCOUNT
(FIRST METHOD)
(Dr Side)

		£	s	d	£	s	d
19							
	To Discounts Allowed . . .				164	8	10
	Reserve for Discount on Debtors	185	1	—			
	Less Old Reserve . . .	156	16	6			
					28	4	6
					£192	13	4

PROFIT AND LOSS ACCOUNT
(SECOND METHOD)
(Dr Side)

		£	s	d
19				
	To Discounts Allowed	192	13	4

BALANCE SHEET
ASSETS

		£	s	d	£	s	d
Sundry Debtors . . .		3 895	14	11			
Less Bad Debts Reserve . . .	£194 15 9						
Discount Reserve . . .	185 1						
		379	16	9			
					3 515	18	2

EXERCISE IV—No. 12

XYZ & CO

TRADING ACCOUNT FOR THE HALF-YEAR ENDED 31st DECEMBER, 19 .

	<i>£</i>	<i>s</i>	<i>d</i>	<i>£</i>	<i>s</i>	<i>d</i>
To Stock, 1st July	2 741	-	-	16,123	-	-
" Purchases	8 403	-	-	330	-	-
" Carriage	394	-	-			
" Wages	1,404	-	-			
" Balance, Gross Profit c/d	6 126	-	-			
	<i>£</i> 19,068	-	-			
						<i>£</i> 19,068

PROFIT AND LOSS ACCOUNT FOR HALF YEAR ENDED 31ST DECEMBER 19

	£	s	d	£	s	d	£	s	d
To Discounts Allowed				938	-	-			
" Rent Rates and Taxes				106	-	-			
" Advertising				463	-	-			
" Traveller's Salary				431	-	-			
" Bad Debts				101	-	-			
" Repairs				84	-	-			
" General Expenses				502	-	-			
" Interest on Loans				124	-	-			
" Depreciation—									
Buildings	23	-	-						
Plant	155	-	-	178	-	-			
" Bal, Net Profit to Capital A/cs—									
C G (£ share)	2 268	2	6						
S G (£ share)	1 360	17	6						
				3 629	-	-			
				178	-	-			
				6 556	-	-			

EXERCISE IV—No 12 (cont'd)

XYZ & CO

BALANCE SHEET AS AT 31st DECEMBER 19 .

[illegible]

EXERCISE IV—No. 13.

STATEMENT SHOWING NET SALES FOR THE YEAR

	£	s.	d.
Sundry Debtors, 1st January	1,537	5	10
Add Cash and Credit Sales	5,731	6	3
	7,268	12	1
Balance (incl. £37 10s bad debts)	1,770	6	6
	<u>£5,498</u>	<u>5</u>	<u>7</u>

EXERCISE IV—No. 14.

TRIAL BALANCE

	£	s.	d.	£	s.	d.
(a) Sales (undercast)				10	—	—
(b) Discount allowed (unposted)		15	3			
(c) Discount allowed (posted to wrong side of account)	14	9	6			
(d) Customers Account (posted 10s short)		10	—			
(e) Credit balance on Customers Account (overlooked)				2	5	—
	15	14	9	12	5	—
DIFFERENCE IN BOOKS				3	9	9
	<u>£15</u>	<u>14</u>	<u>9</u>	<u>£15</u>	<u>14</u>	<u>9</u>



EXERCISE IV—No 15

Dr TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1935 Cr

To Stock, 1st January 1935	£	£	By Sales net	£	10,000
" Purchases	5,284	1,824	" Stock 31st December, 1935	1,909	1,909
" Less Returns	171				
" Carnage Inwards		5 113			
" Manufacturing Wages		250			
" Balance Gross Profit c/d		2,122			
		2,600			
		£11 909			£11,909
To Office Salaries etc		484	By Balance Gross Profit b/d		2,600
Rent Rates and Insurance		463	Discount on Purchases		76
Less Prepaid		40	Commissions Received		50
Legal and Audit Fees		33			
Add Audit Fees owing		25			
" Advertising (incl £20 owing)		58			
" Discounts allowed		276			
" Travellers Salaries and Commission		150			
" Partnership Salaries		470			
" Bad Debts Reserve (amount of increase)		300			
" Interest on Capital (M Baines P Benson)	75 150	55			
" Depreciation of (Plant and Machinery 10% Fixtures etc 5%)	100 10	225			
" Balance Net Profit—		110			
Capital Accounts (M Baines P Benson)	70 105	175			
		£2 726			£2 726

EXERCISE IV—No 15 (contd.)

BALANCE SHEET OF BAINE'S AND BENSON AS AT 31ST DECEMBER 1935

LIABILITIES AND CAPITAL	£		£	ASSETS		£	£
	Baines	Benson					
Sundry Creditors	1 500	3 000	472	Cash at Bank	.	.	168
Advertising owing	75	150	20	Sundry Debtors	.	.	1,800
Audit Fees owing	200	100	25	Less Reserve for Bad Debts	.	.	90
	70	105	45	Stock-in-Trade	.	.	1,710
Capital Accounts 1st January 1935				Fixtures and Fittings	.	.	1,909
Add Interest on Capital				Less Depreciation at 5 per cent per annum			10
Add Salaries				Plant and Machinery	.	.	1,000
Add Shares of Profit				Less Depreciation at 10 per cent per annum			100
				Rates prepaid	.	.	900
Less Drawings							40
	1 845	3 355					
	445	355					
	£1 400	£3 000	4 400				
			£4 917				£4 917

EXERCISE V—No 1

Dr				LEASE ACCOUNT				Cr			
Year 1	To Cash	£	440	s	d	Year 1	By Depreciat on Balance c/d	£	110	s	d
									330		
Year 2	To Balance b/d	£	440			Year 2	By Depreciat on Balance c/d	£	440		
			330						110		
Year 3	To Balance b/d	£	330			Year 3	By Depreciat on Balance c/d	£	330		
			220						10		
Year 4	To Balance b/d	£	220			Year 4	By Depreciat on	£	20		
			£110						110		
									£110		

EXERCISE V—No 2

Dr				MACHINERY ACCOUNT				Cr			
Year 1	To Cash	£	3 000	s	d	Year 1	By Depreciat on Balance c/d	£	750	s	d
									2 250		
Year 2	To Balance b/d	£	3 000			Year 2	By Depreciat on Balance c/d	£	3 000		
			2 250						56 10		
Year 3	To Balance b/d	£	2 250			Year 3	By Depreciat on Balance c/d	£	2 250		
			1 687	10					421 17 6		
Year 4	To Balance b/d	£	1 687	10		Year 4	By Depreciat on Balance c/d	£	1 687	10	
			1 265	12 6					316 8 1		
Year 5	To Balance b/d	£	1 265	12 6		Year 5	By Depreciat on Balance c/d	£	949	4 5	
			949	4 5					1 265 12 6		
Year 6	To Balance b/d	£	949	4 5		Year 6	By Depreciat on Balance c/d	£	237 6 1		
			711	18 4					711 18 4		
Year 7	To Balance b/d	£	711	18 4			By Depreciat on (Addus ment of 1s 3d) Balance c/d	£	949	4 5	
			534						177 18 4		
									534		
									£711	18 4	

Rate of Depreciation — 25 per cent off DIMINISHING VALUE

EXERCISE V No 3

MACHINERY ACCOUNT

<i>Dr</i>				<i>Cr.</i>			
(FIRST METHOD)							
Year 1	To Cash . . .	£ 3,000	s - d -	Year 1	By Depreciation (10% of £3 000)	£ 300	s - d -
					" Balance c/d .	2,700	- - -
		£3 000	- - -			£3 000	- - -
Year 2	To Balance b/d	2,700	- - -	Year 2	By Depreciation (10% of £2,700)	270	- - -
	" Cash (June)	250	- - -		" Balance c/d	2,680	- - -
		£2 950	- - -			£2,950	- - -
Year 3	To Balance b/d . .	2,680	- - -	Year 3	By Depreciation (10% of £2 680)	268	- - -
	" Cash (March)	320	- - -		" Balance c/d	2 732	- - -
		£3,000	- - -			£3,000	- - -
	To Balance b/d	2 732	- - -				

(SECOND METHOD)

Year 1	To Cash	£ 3 000	s - d -	Year 1	By Depreciation (10% of £3 000)	£ 300	s - d -
					" Balance c/d	2,700	- - -
		£3 000	- - -			£3 000	- - -
Year 2	To Balance b/d	2 700	- - -	Year 2	By Depreciation (10% of £2 950)	295	- - -
	" Cash (June)	250	- - -		" Balance c/d	2,655	- - -
		£2 950	- - -			£2 950	- - -
Year 3	To Balance b/d . .	2,655	- - -	Year 3	By Depreciation (10% of £2,975)	297 10	- - -
	" Cash (March)	320	- - -		" Balance c/d .	2,677 10	- - -
		£2 975	- - -			£2 975	- - -
	To Balance b/d	2 677 10	- - -				

EXERCISE V—No 3 (contd)

MACHINERY ACCOUNT
(THIRD METHOD)

Dr				Cr			
Year 1	To Cash	£	s d	Year 1	By Depreciation (10% of £3 000) Balance c/d	£	s d
		3 000				300	
						2 700	
Year 2	To Balance b/d Cash (June)	£	s d	Year 2	By Depreciation 10% of £2 700 £270 5% of £250 £12½	£	s d
		270				289	10
		250				2 667	10
						£2 950	
Year 3	To Balance b/d Cash (March)	£	s d	Year 3	By Depreciation— 10% of £2 667½ 7½% of £300	£	s d
		2 667	10			266	15
		320				24	15
						2 696	15
		£2 987	10			£2 987	10
	To Balance b/d	£	s d				
		2 696	15				

EXERCISE V—No 4

LEASE ACCOUNT

Dr				Cr			
Year 1	To Cash Interest	£	s d	Year 1	By Depreciation Balance c/d	£	s d
		2 000				345	12 9
		100				1 754	7 3
		£2 100				£2 100	
Year 2	To Balance b/d Interest	£	s d	Year 2	By Depreciation Balance c/d	£	s d
		1 754	7 3			345	12 9
		87	14 5			1 496	8 11
		£1 842	1 8			£1 842	1 8
Year 3	To Balance b/d Interest	£	s d	Year 3	By Depreciation Balance c/d	£	s d
		1 496	8 11			345	12 9
		74	16 0			1 225	12 7
		£1 571	5 4			£1 571	5 4
Year 4	To Balance b/d Interest	£	s d	Year 4	By Depreciation Balance c/d	£	s d
		1 225	12 7			345	12 9
		61	5 7			941	5 5
		£1 286	18 0			£1 286	18 2
Year 5	To Balance b/d Interest	£	s d	Year 5	By Depreciation Balance c/d	£	s d
		941	5 5			345	12 9
		47	1 3			642	13 11
		£988	6 8			£988	6 8
Year 6	To Balance b/d Interest	£	s d	Year 6	By Depreciation Balance c/d	£	s d
		642	13 11			345	12 9
		32	2 7			379	3 9
		£674	16 6			£674	16 6
Year 7	To Balance b/d Interest	£	s d	Year 7	By Depreciation (Adjustment of 4d)	£	s d
		379	3 9			345	13 1
		16	8 4				
		£345	13 1			£345	13 1

EXERCISE V- No 5

Dr		LEASE ACCOUNT				Cr			
Year 1 Jan 1	To Cash	2 000	-	-	Year 1 Dec. 31	By Depreciation Fund A/c	2 000	-	-

Dr		DEPRECIATION FUND ACCOUNT				Cr			
Year 1 Dec. 31	To Balance c/d	£	s	d	Year 1 Dec. 31	By Profit and Loss	£	s	d
		245	12	9			245	12	9
Year 2 Dec. 31	To Balance c/d	503	11	2	Year 2 Jan. 1 Dec. 31	By Balance b/d " Cash (Interest) " Profit and Loss	245 12 245	12 5 12	9 8 9
		£ 503	11	2			£ 503	11	2
Year 3 Dec. 31	To Balance c/d	774	7	6	Year 3 Jan. 1 Dec. 31	By Balance b/d " Cash (Interest) " Profit and Loss	503 25 245	11 3 12	2 7 9
		£ 774	7	6			£ 774	7	6
Year 4 Dec. 31	To Balance c/d	1 038	14	8	Year 4 Jan. 1 Dec. 31	By Balance b/d " Cash (Interest) " Profit and Loss	774 38 245	7 14 12	6 3 9
		£ 1 038	14	8			£ 1 038	14	8
Year 5 Dec. 31	To Balance c/d	1 337	6	2	Year 5 Jan. 1 Dec. 31	By Balance b/d " Cash (Interest) " Profit and Loss	1 038 5 245	14 18 12	8 9 9
		£ 1 337	6	2			£ 1 337	6	2
Year 6 Dec. 31	To Balance c/d	1 670	16	3	Year 6 Jan. 1 Dec. 31	By Balance b/d " Cash (Interest) " Profit and Loss	1 337 67 245	6 17 12	2 4 9
		£ 1 670	16	3			£ 1 670	16	3
Year 7 Dec. 31	To Balance (Amount to transfer to LEASE A/c)	2 000	-	-	Year 7 Jan. 1 Dec. 31	By Balance b/d " Cash (Interest) " Profit and Loss (Adjustment of 2d)	1 670 83 245	16 10 12	3 10 11
		£ 2 000	-	-			£ 2 000	-	-

EXERCISE V—No 5 (contd.)

Dr DEPRECIATION FUND INVESTMENT ACCOUNT Cr

Year 1 Dec 31	To Cash	£	s	d	Year 1 Dec 31	By Balance c/d	£	s	d
		245	12	9			245	12	9
Year 2 Jan 1	To Balance b/d	245	12	9	Year 2 Dec 31	By Balance c/d	503	11	2
	Cash (Instalment and interest)	257	18	5			503	11	2
		£503	11	2			£503	11	2
Year 3 Jan 1	To Balance b/d	503	11	2	Year 3 Dec 31	By Balance c/d	774	7	6
	Cash	270	16	4			774	7	6
		£774	7	6			£774	7	6
Year 4 Jan 1	To Balance b/d	774	7	6	Year 4 Dec 31	By Balance c/d	1058	14	8
	Cash	284	7	6			1058	14	8
		£1058	14	8			£1058	14	8
Year 5 Jan 1	To Balance b/d	1058	14	8	Year 5 Dec 31	By Balance c/d	1357	6	2
	Cash	298	11	6			1357	6	2
		£1357	6	2			£1357	6	2
Year 6 Jan 1	To Balance b/d	1357	6	2	Year 6 Dec 31	By Balance c/d	1670	16	3
	Cash	313	6	2			1670	16	3
		£1670	16	3			£1670	16	3
Year 7 Jan 1	To Balance b/d	1670	16	3	Year 7 Dec 31	By Cash (Proceeds of realisation of investments)	2000		
	Cash	379	3	9			2000		
		£2000					£2000		

Dr

CASH ACCOUNT

Cr

CASH ACCOUNT									
					Cr				
		Bank					Bank		
Year 2	To Depreciation Fund A/c (Interest on FIRST year's investment)	£	s	d	Year 1	By Depreciation Fund Investment A/c	£	s	d
		12	5	8	Year 2	Depreciation Fund Investment A/c (Investment of cash equal to SECOND year's in- stalment PLUS in- terest on FIRST year's instalment)	45	17	9
							257	15	5

And similar entries for later years

And similar entries for later years

- EXERCISE V—Nos. {
6. The correct procedure is explained on pages 140 and 141 of *Advanced Accounts*
 7. The answer to this question is in Answers at end of *Advanced Accounts*
 8. The answer to this question is in Answers at end of *Advanced Accounts*.

EXERCISE V—No. 9

Dr REPAIRS AND RENEWALS RESERVE ACCOUNT Cr.

Year	Dr	£	s	d	Year	Cr	£	s	d
Year 1	To Balance c/d .	200	-	-	Year 1	By Profit and Loss .	200	-	-
Year 2	To Repairs A/c .	139	17	9	Year 2	By Balance b/d .	200	-	-
	Balance c/d .	40	2	3			200	-	-
		£200	-	-			£200	-	-
Year 3	To Repairs .	125	14	6	Year 3	By Balance b/d .	40	2	3
	Balance c/d .	114	7	9		Profit and Loss .	200	-	-
		£240	2	3			£240	2	3
Year 4	To Repairs .	269	15	3	Year 4	By Balance b/d .	114	7	9
	Balance c/d .	44	12	6		Profit and Loss .	200	-	-
		£314	7	9			£314	7	9
Year 5	To Repairs .	225	16	11	Year 5	By Balance b/d .	44	12	6
	Balance c/d .	18	15	7		Profit and Loss .	200	-	-
		£244	12	6			£244	12	6
					Year 6	By Balance b/d .	18	15	7

Dr

REPAIRS ACCOUNT

Cr

Year	Dr	£	s	d	Year	Cr	£	s	d
Year 2	To Cash .	139	17	9	Year 2	By Reps. & Renewls. Res.	139	17	9
Year 3	To Cash .	£125	14	6	Year 3	By Reps. & Renewls. Res.	£125	14	6
Year 4	To Cash .	£269	15	3	Year 4	By Reps. & Renewls. Res.	£269	15	3
Year 5	To Cash .	£225	16	11	Year 5	By Reps. & Renewls. Res.	£225	16	11

EXERCISE V—No 9 (contd)

JOURNAL ENTRIES

Year		£	s	d	£	s	d
1	Profit and Loss A/c To Repairs and Renewals Res A/c	200	—	—	200	—	—
" 2	Repairs and Renewals Reserve A/c To Repairs	159	17	9	159	17	9
	Profit and Loss A/c To Repairs and Renewals Res A/c	200	—	—	200	—	—
" 3	Repairs and Renewals Reserve A/c To Repairs	125	14	6	125	14	6
	Profit and Loss A/c To Repairs and Renewals Res A/c	200	—	—	200	—	—
" 4	Repairs and Renewals Reserve A/c To Repairs	269	15	3	269	15	3
	Profit and Loss A/c To Repairs and Renewals Res A/c	200	—	—	200	—	—
" 5	Repairs and Renewals Reserve A/c To Repairs	225	16	11	225	16	11
	Profit and Loss A/c To Repairs and Renewals Res A/c	200	—	—	200	—	—
		£1 781	4	5	£1 781	4	5

BALANCE SHEET (AT END OF YEAR)

		LIABILITIES			£	s	d
Year		Repairs and Renewals Reserve Account	.	.	200	—	—
" 2	Repairs and Renewals Reserve Account	.	.	.	£40	2	3
" 3	Repairs and Renewals Reserve Account	.	.	.	£114	7	9
" 4	Repairs and Renewals Reserve Account	.	.	.	£44	12	6
" 5	Repairs and Renewals Reserve Account	.	.	.	£18	15	7

EXERCISE V -No. 10

The principal reason for Compound Interest being taken into consideration is on account of the expense of upkeep in the earlier years, being small in comparison with the charges for dilapidations that arise during later years.

EXERCISE V--No. 11

Dr		SINKING FUND ACCOUNT				Cr					
Year 1	To Balance c/d	£ 188 400	£ 188	s 8	d -	Year 1	By Profit & Loss	£ 188 400	£ 188	s 8	d -
Year 2	To Balance c/d	382 452	382	9	-	Year 2	By Balance b/d	188 400	188	8	-
							Interest	5 652	5	13	-
							Profit & Loss	188 400	188	8	-
		£ 132 452	382	9	-			£ 382 452	£ 382	9	-
Year 3	To Balance c/d	582 326	582	6	6	Year 3	By Balance b/d	382 452	382	9	-
							Interest	11 474	11	9	6
							Profit & Loss	188 400	188	8	-
		£ 482 326	£ 482	6	6			£ 582 326	£ 582	6	6
Year 4	To Balance c/d	788 196	788	3	11	Year 4	By Balance b/d	582 326	582	6	6
							Interest	17 470	17	9	5
							Profit & Loss	188 400	188	8	-
		£ 788 196	788	3	11			£ 788 196	£ 788	3	11
Year 5	To Amount transferred to Lease A/c	1 000 000	1 000	-	-	Year 5	By Balance b/d	788 196	788	3	11
							Interest	23 648	23	12	11
							Profit & Loss	188 198	188	3	2
		£ 1 000 000	£ 1 000	-	-			£ 1,000 000	£ 1 000	-	-

Dr		SINKING FUND INVESTMENT ACCOUNT						Cr			
Year 1	To Cash	£ 188 400	£ 188	s 8	d -	Year 1	By Balance c/d	£ 188 400	£ 188	s 8	d -
Year 2	To Balance b/d	188 400	188	8	-	Year 2	" Balance c/d	382 452	382	9	-
	Cash (π)	194 052	194	1	-						
		£ 382 452	£ 382	9	-			£ 382 452	£ 382	9	-
Year 3	To Balance b/d	382 452	382	9	-	Year 3	By Balance c/d	582 326	582	6	6
	Cash	193 874	193	17	6						
		£ 582 326	£ 582	6	6			£ 582 326	£ 582	6	6
Year 4	To Balance b/d	582 326	582	6	6	Year 4	By Balance c/d	788 196	788	3	11
	Cash	205 870	205	17	5						
		£ 788 196	£ 788	3	11			£ 788 196	£ 788	3	11
Year 5	To Balance b/d	788 196	788	3	11	Year 5	By Cash	1 000 000	1,000	-	-
	Cash	211 894	211	16	1		(Proceeds of realization of investments)				
		£ 1 000 000	£ 1 000	-	-			£ 1 000 000	£ 1 000	-	-

(a) The sum includes Interest on FIRST year's investment

Note—The question requests that the "Accounts" be raised for 3 years. It has been thought an advantage to teachers to show the complete workings, with the alternative workings in parallel columns

EXERCISE V—No 11 (contd.)

Dr		INTEREST ACCOUNT						Cr		
		£	s	d			£	s	d	
Year 2	To Sinking Fund A/c	£	5	13	Year 2	By Cash	£	5	13	
Year 3	To Sinking Fund A/c	£11	9	6	Year 3	By Cash	£11	9	6	
Year 4	To Sinking Fund A/c	£17	9	5	Year 4	By Cash	£17	9	5	
Year 5	To Sinking Fund A/c	£23	1	11	Year 5	By Cash	£23	12	11	

EXERCISE V—No 12

See Indian *ed* Accounts pages 152 and 153 (under Secret Reserves)

EXERCISE V No 13

Dr		OLD PLANT ACCOUNT				Cr			
19		£	s	d	19		£	s	d
	To Balance	5	400			By Depreciat on Fund A/c	1	050	
						A B & Co	550		
						Cash	1	200	
						Profit and Loss	2	600	
		£5	400				£5	400	

Dr		NEW PLANT ACCOUNT				Cr	
19	To A B & Co	£	s	d			
		8	8	50			

Dr		A B & CO			Cr				
19	To Old Plant Balance c/d	£	s	d	19	By New Plant	£	s	d
		550					8850		
		8300							
		8850					8850		
						By Bs since b/d	8300		

Dr		DEPRECIATION FUND ACCOUNT				Cr					
19	To Old Plant A/c	£	1	0	50	19	By Balance	£	1	0	50

Dr		PROFIT AND LOSS ACCOUNT				Cr	
19	To Old Plant	£	2	600	d		

EXERCISE V—No. 14.

See *Advanced Accounts*, pages 140 and 141 (under "Insurance Policy System")

EXERCISE V—No. 15

PLANT ACCOUNT

(Depreciation at 5% on original cost)

Dr				Cr.			
1930		£	s. d.	1930		£	s. d.
Jan. 1	To Purchases	2,000	- -	Dec. 31	By Depreciation	100	- -
				" 31	" Balance c/d	1,900	- -
		<u>2,000</u>	- -			<u>2,000</u>	- -
1931				1931			
Jan. 1	To Balance b/d	1,900	- -	Dec. 31	By Sales	100	- -
July 1	" Purchases	400	- -	" 31	" Loss on Sales	113	- -
				" 31	" Depreciation—		
				" 31	£2,000 for 12 mos.	100	- -
				" 31	£400 for 6 mos.	10	- -
				" 31	" Balance c/d	1,920	- -
		<u>£2,300</u>	- -			<u>2,300</u>	- -
1932				1932			
Jan. 1	To Balance b/d	1,920	- -	Dec. 31	By Depreciation—		
Apr. 1	" Purchases	280	- -	" 31	£100 for 12 mos.	105	- -
				" 31	£280 for 9 mos.	10	10
				" 31	" Balance c/d	2,084	10
		<u>£2,200</u>	- -			<u>2,200</u>	- -
1933				1933			
Jan. 1	To Balance b/d	2,084	10	Oct. 1	By Sales	70	- -
				Dec. 31	" Loss on Sales	30	10
				" 31	" Depreciation—		
				" 31	£2,260 for 12 mos.	113	- -
				" 31	£120 for 9 mos.	4	10
				" 31	" Balance c/d	1,997	10
		<u>£2,084</u>	10			<u>2,084</u>	10
1934				1934			
Jan. 1	To Balance b/d	1,997	10	Dec. 31	By Depreciation—		
				" 31	£2,260 for 12 mos.	113	- -
				" 31	" Balance c/d	1,747	10
		<u>£1,897</u>	10			<u>1,897</u>	10
1935							
Jan. 1	To Balance b/d	1,747	10				

EXERCISE V No 15 (contd)

PLANT ACCOUNT

Dr (D depreciat on at $7\frac{1}{2}\%$ on diminishing value) Cr

1930		£	s d	1930		£	s d
Jan 1	To Purchases	2 000		Dec 31	By Depreciat on $7\frac{1}{2}\%$ of £2 000	150	
				31	Balance c/d	1 850	
		£2 000				£2 000	
1931				1931			
Jan 1	To Balance b/d	1 850		Dec 31	By Sales	160	
Jul 1	Purchases	400		3	Loss on Sales	96	13 10
				31	Depreciat on—		
					£1 850 for 12 mos	138	15
				31	£400 for 6 mos	15	
				31	Balance c/d	1 839	11 2
		£2 250				£2 250	
1932				1932			
Jan 1	To Balance b/d	1 839	11 2	Dec 31	By Depreciat on—		
Apr 1	Purchases	280			£1 839/1/2 for 12 m	137	19 4
				31	£280 for 9 mos	15	15
				31	Balance c/d	1 985	16 10
		£2 119	11 2			£2 119	11 2
1933				1933			
Jan 1	To Balance b/d	1 965	16 10	Oct 1	By Sale	70	
				Dec 31	Loss on Sale	30	16 6
				31	Depreciat on—		
					£1 965/16 10 for 9 m	110	11 6
					£1 850 0/4 for 3 mos	34	19 4
				31	Balance c/d	1 719	9 6
		£1 965	16 10			£1 965	16 10
1934				1934			
Jan 1	To Balance b/d	1 719	9 6	Dec 31	By Depreciat on—		
				31	£1 719 9/6 for 12 m	128	19 2
					Balance c/d	1 590	10 4
		£1 719	9 6			£1 719	9 6
1935							
Jan 1	To Balance b/d	1 590	10 4				

EXERCISE V—No 16

See *Advanced Accounts* pages 125 (under 'Fixed Instalment Method'), 131 (under 'Annuity System'), 133 (under 'Depreciation Fund Principle'), and 140 (under 'Insurance Policy System')

EXERCISE V—No 17

See *Advanced Accounts* page 140 (under 'Insurance Policy System') and onwards

EXERCISE V—No 18

Dr DEBENTURE RESERVE FUND ACCOUNT Cr			
19 June 30	To Capital Reserve A/c	£ 30 000	s - d -
19 June 30	By Balance	£ 30 000	s - d -

Dr DEBENTURES REDEEMED ACCOUNT Cr			
19 June 30	To Cash	£ 50 000	s - d -
19 June 30	By Debentures	£ 50 000	s - d -

Dr DEBENTURES ACCOUNT Cr			
19 June 30	To Debentures Redeemed Account	£ 50 000	s - d -
19 June 30	By Debenture Holders	£ 50 000	s - d -

Dr INVESTMENTS ACCOUNT (2½% Consols) Cr			
19 June 30	To Balance	£ 59 000	s - d -
19 June 30	By Cash	£ 48 970	s - d -
" 30	" Profit and Loss	£ 10 030	s - d -
		£ 59 000	s - d -

mis done by
transferring
to P & L

EXERCISE V—No. 19 (contd)

Dr. INVESTMENT REDEMPTION FUND ACCOUNT Cr.

				19 .	By Appropriation A/c	£	s	d
						250	-	-

APPROPRIATION ACCOUNT
(DEBIT SIDE)CASH BOOK
(CREDIT SIDE)

Bank

19	To Investment Redemp- tion Fund A/c	£	s	d	19	By Investment A/c (For insurance pre- mium paid)	£	s	d
		250	-	-			250	-	-

EXERCISE V—No. 20

See *Advanced Accounts*, page 151 (under 'Marine Insurance Fund').

EXERCISE V—No. 21

See *Advanced Accounts* page 150

EXERCISE V—No. 22.

See Answers at end of *Advanced Accounts*

EXERCISE V—No. 23

See *Advanced Accounts* pages 124 to 131 (inclusive)

- EXERCISE V—Nos
- 24 See Answers at end of *Advanced Accounts*
 - 25 The definitions are given and differentiated on page 150 onwards of *Advanced Accounts*
 - 26 See *Advanced Accounts*, pages 124 to 131 (inclusive) and 150 and 151
 - 27 See Answers at end of *Advanced Accounts*
 - 28 (a) See *Advanced Accounts* page 127 (under "Diminishing Balance Method")
 - (b) See *Advanced Accounts*, pages 131 to 133 (at foot of page, under Annuity Method")

EXERCISE V—No. 29

JOURNAL

19..	Appropriation Account	.	.	Dr.	£	s	d	£	s	d
	To Reserve Fund	.	.	.	1,275	-	-	1,275	-	-
					£1,275	-	-	£1,275	-	-

EXERCISE V—No 29 (contd)

INVESTMENTS ACCOUNT

Dr

(£1 500 @ 85)

Cr

19	To Cash	£	s	d					
		1	275						

RESERVE FUND ACCOUNT

Dr

Cr

					19	By Appropriation A/c	£	s	d
							1	275	

CASH ACCOUNT

Dr

Cr

		Bank				Bank			
19	To Balance	£	s	d	19	By Investments (£1 500 @ 85) Balance c/d	£	s	d
		6	000				1	275	-
							4	725	-
		£6 000					£6 000		-
	To Balance b/d	4	725						

APPROPRIATION ACCOUNT

Dr

Cr

19	To Reserve Fund " Bal. to Balance Sheet	£	s	d	19	By Balance	£	s	d
		1	275				2	500	
		1,225							
		£2 500					£2 500		-

EXERCISE VI—No 1 (contd)

JOURNAL ENTRIES

		£	s	d	£	s	d
(1)	Bills Receivable To R Red	30			30		
(2)	Francis & Co To Bills Payable	200			200		
(3)	Blue & Co To Bills Payable	95			95		
(4)	Purchases Account To Sharp & Co	150			150		
	Sharp & Co To Bills Payable Discount	150			142 7	10 10	
(5)	Ridler & Son To Bills Payable	90			90		
(6)	Bills Receivable To S Straker ✓	120			120		
(8)	Bills Receivable To M Monk	120			120		
(9)	Bills Receivable Discount To Green & Co	190 10			200		
(11)	Bills Receivable To J Rowell	420			420		
	M Goodman To Bills Receivable	420			420		
(13)	B Blunt To Sales	120			120		
	Bills Receivable Discount To B Blunt	117 3			120		
(14)	York & Sons To Sales	150			150		
	Bills Payable To York & Sons	150			150		
(18)	Dark & Co To Bills Payable " Discount	300			285 15		
		£2835			£2835		

EXERCISE VI—No 1 (19)

(a) An example of a bill of exchange which is a "negotiable instrument" is as shown on page 159 of *Advanced Accounts*. The accounts necessary to adequately record the transactions it involves are detailed below

		(1) In J Rowell's Books		LEDGER	
19.		JOURNAL		Accounts will be raised for—	
Jan	17	Bills Receivable	Dr £250	Bills Receivable.	
		To M Goodman	Cr £250	M Goodman	
"	17	M Bressloff	Dr £250	M Bressloff	
		To Bills Receivable	Cr £250		
		(2) In M Goodman's Books		LEDGER	
19.		JOURNAL		Accounts will be raised for—	
Jan	17	J Rowell	Dr £250	Bills Payable:	
		To Bills Payable	Cr £250	J Rowell	
		(3) In M Bressloff's Books		LEDGER	
19.		JOURNAL		Accounts will be raised for—	
Jan	17	Bills Receivable	Dr £250	Bills Receivable:	
		To J Rowell	Cr £250	J Rowell	

(b) In the Drawer's Ledger

Dr		BILLS RECEIVABLE ACCOUNT				Cr		
		£	s	d	By K	£	s	d
						100	-	-
Dr		B				Cr		
		£	s	d		£	s	d
	To K " K (for Noting Charges)	100	-	-				
			7	6				
Dr		K				Cr		
		£	s	d	By B " B (for Noting Charges)	£	s	d
	To Bills Receivable	100	-	-		100	-	-
							7	6

In K's Ledger

Dr		BILLS RECEIVABLE ACCOUNT				Cr			
	To Drawer	£	s	d		By Drawer	£	s	d
		100	-	-			100	-	-

<i>Dr</i>	DRAWER'S ACCOUNT	<i>Cr</i>
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Dr	NOTING CHARGES ACCOUNT	Cr
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(c) B s JOURNALB s CASH BOOK (CREDIT SIDE)EXERCISE VI—No. 2

JOURNAL ENTRIES

		£	s	d	£	s	d
(1)	Blue & Black To Bills Receivable	200	-	-	200	-	-
	Bills Receivable To Blue & Black	202	13	-	202	13	-
	Blue & Black To Interest For charge of Interest of 5% on £200 for 3 months To B ll Stamp	2	13	-	2	10	-
						3	-

EXERCISE VI—No. 2 (contd.)

JOURNAL ENTRIES (contd.)

		£	s	d	£	s	d
(3)	Wilson & Jones	420	-	-	420	-	-
	To Bills Receivable						
	Bills Receivable	301	9	-	301	9	-
	To Wilson & Jones						
	Wilson & Jones	1	9	-	1	5	-
	To Interest						
	For charge of Interest of 5% on £300 for 1 month To Bill Stamp					4	-
(4)	L. Lamb	460	5	6	460	5	6
	To Charles & Son						
(5)	Bills Payable	630	-	-	630	-	-
	To Brockwell & Haigh						
	Brockwell & Haigh	402	18	4	402	18	4
	To Bills Payable						
	Bill Stamp		5	-			
	Interest	2	13	4			
	(4% of £400 for 2 months) To Brockwell & Haigh				2	18	4
(6)	Bills Payable	300	-	-	300	-	-
	To Locke & Co						
	Locke & Co	303	14	-	303	14	-
	To Bills Payable						
	Bill Stamp		4	-			
	Interest	3	10	-			
	(For charge of Interest of 3½% on £300 for 4 months) To Locke & Co				3	14	-
(7)	Bills Payable	345	-	-			
	Noting Charges		10	8	345	10	8
	To Dawson Bros						
(9)	Bills Receivable	1,083	-	9	1,083	-	9
	To Frame & Co						
	Frame & Co	26	18	6	26	7	6
	To Interest						
	(For charge of Interest of 6% on £1,055 for 5 months) To Bill Stamp					11	-
		£ 4 687	4	1	4 687	4	1

EXERCISE VI—No 2 (contd)

CASH BOOK

(Debit side)

Bank

		£	s	d
(3)	To Wilson & Jones	120		—
(3)	Bills Receivable	901	9	
(9)		1 083	—	9

CASH BOOK

(Credit side)

Bank

		£	s	d
(2)	By G. Culliver (dishonoured bill etc)	450	5	
(4)	Charles & Son	460	5	6
(5)	Brockwell & Haigh	230	—	
(7)	Dawson Bros	345	10	8
(8)	Needham & Co (dishonoured bill etc)	425	7	6
(9)	Frame & Co (dishonoured bill etc)	1 056	2	3

EXERCISE VI—No 3 (a)

S SILVERMAN'S LEDGER

Dr

G. GOLDSTEIN

Cr

		£	s	d			£	s	d
19 Jan 1	To Bills Payable	125			19 Apr 4	By Cash	125		

Dr

BILLS PAYABLE ACCOUNT

Cr

		£	s	d			£	s	d
19 Apr 4	To Cash	125			19 Jan 1	By G. Goldstein	125		

Dr

BANK ACCOUNT

Cr

		£	s	d			£	s	d
19 Apr 4	To G. Goldstein	125			19 Apr 4	By Bills Payable	125		

G. GOLDSTEIN'S LEDGER

Dr

S SILVERMAN

Cr

		£	s	d			£	s	d
19 Apr 4	To Cash	125			19 Jan 1	By Bills Receivable	125		

EXERCISE VI—No 3 (b) (contd)

I INGRAM'S LEDGER

<i>Dr</i>		P PATERSON			<i>Cr</i>				
19 Mar 1	To B lls Payable	£ 135	s	d	19 Mar 1	By B lls Rece vable	£ 135	s	d

<i>Dr</i>		BILLS RECEIVABLE ACCOUNT			<i>Cr</i>				
19 Mar 1	To P Paterson	£ 135	s	d	19 Mar 1	By Bank	£ 135	s	d

<i>Dr</i>		BILLS PAYABLE ACCOUNT			<i>Cr</i>				
19 June 4	To Cash	£ 135	s	d	19 Mar 1	By P Paterson	£ 135	s	d

<i>Dr</i>		BANKERS DISCOUNT ACCOUNT			<i>Cr</i>				
19 Ma 1	To Bank	£ 1	s 7	d -					

<i>Dr</i>		CASH BOOK (BANK ACCOUNT)			<i>Cr</i>				
19 Mar 1	To B lls Rece vable	£ 135	s	d	19 Mar 1 June 4	By Bankers D scout B lls Payable	£ 1 135	s 7	d -

EXERCISE VI No 3 (c)

H HOOKER'S LEDGER

Dr		E EVANS			Cr				
19 Feb 1	To Bills Payable	£ 115	s	d	19 Feb 1 May 4	By Cash Discount Cash	£ 56 57 115	s 19 10 10	d 3 9
		£115					£115		

Dr		BILLS PAYABLE ACCOUNT			Cr				
19 May 4	To Cash	£ 115	s	d	19 Feb 1	By E Evans	£ 115	s	d
		£115					£115		

Dr		DISCOUNT ACCOUNT			Cr				
19 Feb 1	To E Evans	£	s 10	d 9					

EXERCISE VI—No 3 (c) (contd)

Dr		CASH BOOK (BANK ACCOUNT)					Cr		
19 Feb. 1	To E. Evans	£	s.	d.	19 May 4	By Bills Payable	£	s.	d.
May 4	" "	56	19	3			115	-	-
		57	10	-					

E. EVANS' LEDGER

Dr		H HOOKER			Cr				
19		£	s	d	19		£	s	d
Feb 1	To Cash	56	19	3	Feb 1	By Bills Receivable	115	-	-
1	" Banker's Discount		19	9					
May 4	" Cash	57	10	-					
		115	-	-			115	-	-

Dr		BILLS RECEIVABLE ACCOUNT				Cr			
19 Feb 1	To H. Hooker	£	s.	d.	19 Feb. 1	By Cash	£	s.	d.
		115	-	-			115	-	-

Dr		BANKERS' DISCOUNT ACCOUNT				Cr			
19 Feb 1	To Cash	£	s.	d.	19 Feb 1	By H. Hooker	£	s.	d.
		1	1	6			-	10	9

Dr		CASH BOOK (BANK ACCOUNT)						Cr						
19 Feb 1	To Bills Receivable	£	115	s.	-	d.	19 Feb 1	By Banker's Discount	£	56	s.	19	d.	3
							May 4	" H. Hooker	57	10				-

EXERCISE VI—No 4 (a)

No. 1.

DUE DATE 26th April, 19..

LEEDS

1669:8:11

23rd January, 19..

STAMP

7/-

Three months after date, pay to us or our order
Six hundred and sixty nine pounds, eight shillings
and eleven pence value received

To MESSRS. DARLOW & WALSH,
Bolton

EARLE & CREASY

EXERCISE VI No 4 (b)

JOURNAL ENTRIES

		£	s	d	£	s	d
19 Jan 23	Darlow & Walsh To Bills Receivable Bill returned and withdrawn	659	14	8	659	14	8
	Darlow & Walsh To Interest For 5% Interest charged on £659/14/8 plus £1/8/11 for 3 months	8	5	4	8	5	4
	Darlow & Walsh To Bill Stamp and Expenses	1	8	11	1	8	11
	Bills Receivable To Darlow & Walsh Amount of NEW bill including interest and expenses	669	8	11	669	8	11
	Bills Receivable To Darlow & Walsh <i>Particulars of Securities—</i> DUE (1) H G Bourne & Co £209/11/6 Feb 14 (2) Neville & Co £173 4/9 26 (3) James Hordern £89/14/8 Mar 25 (4) George Blakey £82/16/- Apr 19 (5) Smith Wilks & Co £112/12/9 Apr 26	667	19	8	667	19	8
	Bank To Bills Receivable For all above bills discounted	667	19	8	667	19	8
Feb 23	Bank To Bills Receivable For renewed bill of Jan 23 discounted	669	8	11	669	8	11
Mar 25	Darlow & Walsh To Bank For Bill No 3 dishonoured including Noting Charges of 7s 6d	90	2	2	90	2	2
Apr 4	Bank To Darlow & Walsh For payment to bank of value of Bill No 3 (dishonoured)	90	2	2	90	2	2
26	Darlow & Walsh To Bank For dishonour of renewed bill of Jan 23 and of Bill No 3	782	1	8	782	1	8
		£ 4 306	12	1	£ 4 306	12	1

Dr		BROWN				Cr.		
19		£	s	d	19	£	s	d
Jan. 1	To Cash .	296	5	-	Jan. 1	By Bills Receivable	600	-
"	" Discount	3	15	-	"	" Cash	148	2
"	" Bills Payable	300	-	-	"	" Discount	1	17
Mar. 31	" " Receivable	600	-	-	June 30	" Cash	112	10
					"	" Bad Debts	337	10
		£ 1,200	-	-			£ 1,200	-

EXERCISE VI—No 7

Bills under Discount should be stated in the Balance Sheet as a contingent liability, and entered short as under—

<i>Contingent Liability</i>		£	s	d
Bills under Discount	. . . . .	10 750	-	-

If it is known that £1 000 worth of the bills discounted may not mature a reserve must be made against that possibility by a charge against Profit and Loss of £1 000 and an equivalent amount credited to Reserve for Loss on Bills under Discount

An adjustment may be made with regard to the Reserve in the event of the actual sums (10s in £) being received

EXERCISE VI—No 8

B's JOURNAL

		£	s	d	£	s	d
19 Jan 1	✓ Bills Receivable To A For two bills drawn on him for £2 000 and £4 000 for 2 mos and 4 mos respectively	6 000	-	-	6 000	-	-
Mar 4	✓ Bills Receivable To A For bill of £1 000 + Interest at 5% for 3 months	1 012	10	-	1 012	10	-
	✓ A To Interest For charge of Interest—5% of £1 000 for 3 months	12	10	-	12	10	-
May 4	✓ A To Bills Payable For acceptances of £1 131/16/8 and £1 408/3/4 for 2 months and 3 months respectively	2 540	-	-	2 540	-	-
		£9 565	-		£9 565		

B's LEDGER

SALES ACCOUNT

Dr

Cr

19	£	s	d	19 Jan 1	By A	£	s	d
						6 000	-	-

It has been assumed that A would have received value before bills would be accepted by him.

EXERCISE VI - No 8 (contd.).

Dr.		A		Cr.			
19 .		£	s d	19 .			
Jan. 1	To Sales	6,000	- -	Jan. 1	By Bills Receivable . .	6,000	- -
Mar. 1	" Cash	1,000	- -	Mar. 4	" " " "	1,012	10 -
" 4	" Interest	12	10 -	June 7	" Balance f/d	3,532	10 -
May 4	" Bills Payable . .	2,540	- -				
June 7	" Cash	1,012	10 -				
		£10,563	- -			£10,563	- -
June 7	To Balance f/d . .	3,532	10 -				

Dr		BILLS RECEIVABLE ACCOUNT				Cr			
19		£	s	d	19		£	s	d
Jan 1	To A	6,000	-	-	Jan 3	By Cash	2,770	-	-
Mar 4	" A	1,012	10	-	Mar 3	" "	4,000	-	-
					Mar 4	" "	1,012	10	-
		£7,012	10	-			£7,012	10	-

Dr		BILLS PAYABLE ACCOUNT				Cr		
19		£	s	d	19			
July 7	To Cash	1,131	10	8	May 4	By A	2,540	-
Aug 7	" "	1,408	3	4				
		£2,540	-	-			£2,540	-

Dr		INTEREST ACCOUNT				Cr			
				19					
				Mar	4	By A		£	s d
								12	10 -

Dr		BANKERS' DISCOUNT ACCOUNT				Cr	
19			£	s	d		
Mar 4	To Sundries	70	6	4			

Dr.		CASH BOOK (BANK COLUMN)				Cr		
		£	s	d		£	s	d
19					19			
Jan 3	To Bills Receivable	2,660	-	-	Jan 3	By Banker's Discount	13	3
		4 000	-	-			53	- 10
Mar 4	" " " "	1 012	10	-	Mar 1	" A " "	3,000	-
					" 4	" Banker's discount	10	2 6
					June 7	" A (dishonoured bill)	1,012	10 -
					July 7	" Bills Payable	1,131	10 8
					Aug 7	" " " "	1 408	3 4
					"	" Balance " "	2,203	13 8
		£7,012	10	-			£7,012	10 -

BILLS RECEIVABLE BOOK

Date	No of Bill	From Whom Received	Fol	Discount	Amount of Bill	Date of Bill	Tenor	Due Date	Remarks
19 Mar 9	29	Green & Golding		£ 8	£ 12	19 Mar 9	1 month	Apr 5	Acceptor—Green & Golding
13	30	Edwards & Co			8s	16 Mar 9	2 months	May 2	—J. Thompson Met Mar 1 st
16	132	Payee & Laid			20 12 6	Mar 1	3 months	June 14	Endorsed over to Mandrakes Ltd—11th June
22	133	Alfred Jones & Co		11 5 9	18s	16 Mar 9	60 days	May 2	Acceptor B Dunke Discounted
3	134	Thayer & Terry			2 4	Mar 22	4 months	Jul 25	{ Endorsement by B Beaton of H Moore s b l l
		B B & Co			6 2 6	Jun 29	2 months	Ap	{ drawn on L Levar—Discounted
				9 5 9	£ 974	1	VAR & A C Dr		
				£ 10					

BILLS PAYABLE BOOK

Date	No of Bill	To Whom Given	Fol	Discount	Amount of Bill	Date of Bill	Tenor	Due Date	Remarks
12 Mar 9	95	Phipps & Sons		£ 8	£ 10	12 Mar 9	2 months	May 5	Payee—Ogden & Co Retained May 4
21	96	Lonsdale & Sons			12s	19 Mar 9	10 days	Mar 24	Honoured—Mar 24
27	97	Sowby & Wade		8 14	103 1 8	26 Mar 9	1 month	Apr 27	Payee—Leury & Son
30	98	Green & Noel			30s 9 11	26 Mar 9	3 months	June 29	
31	99	T. N. & Co		7 1 9	16 13 8	29 Mar 9	4 months	Aug 1	Payee Gardner & Isbister
	100	G. Graham			131 13 3	21 Mar 9	90 days	Jun 22	
				£ 15 16 7	£ 0.3	14 10	{ AVAR & A C Cr		
				£ 10					

EXERCISE VI—No 9 (cont'd)

JOURNAL ENTRIES

19..		£	s.	d.	£	s.	d.
Mar. 27	Interest	3	14	11			
	To Green & Noel.				3	14	11
Apr 1	B Bearon	116	2	6			
	To Bills Receivable				116	2	6
May 4	Bills Payable	237	16	4			
	To Phillip & Son				237	16	4
" 4	Phillip & Son	237	16	4			
	To Bills Payable				237	16	4
June 11	Mandrakes	120	12	6			
	To Bills Receivable				120	12	6

CASH BOOK

(Bank Column)

19		£	s.	d.	19		£	s.	d.
Mar 12	To Bills Receivable (No 130)	85	16	10	Mar. 24	By Bills Payable (No 96)	125	-	
" 16	" Bills Receivable (No 132)	183	-	-					

EXERCISE VI—No 10

"Renewing" a bill is an arrangement by which a *drawer* of a bill withdraws the **FIRST** bill and makes out a fresh one

The new bill, in addition to the amount of the old one, will include the *drawer's* charges for interest and stamp duty

(A) WELT & DRAY'S JOURNAL

	£	s.	d.	£	s.	d.
F. Frost	126	15	8	126	15	8
To Bills Receivable						
Bills Receivable	127	17	6	127	17	6
To F. Frost						
F. Frost	1	1	10			
To Interest				19	10	
" Stamp Duty				2	-	
	£255	15	-	£255	15	-

EXERCISE VI—No 10 (contd)

F FROST'S JOURNAL

	£	s	d	£	s	d
Bills Payable To Welt & Dray	126	15	8	126	15	8
Welt & Dray To Bills Payable	127	17	6	127	17	6
Interest Stamp Duty To Welt & Dray : : :		19 2	10		1 1	10
	£255	15		£255	15	-

(B) S STORMS JOURNAL

	£	s	d	£	s	d
Jenkins & Co To Bills Receivable	226	14	11	226	14	11
Bills Receivable To Jenkins & Co	230	-	9	230	-	9
Jenkins & Co To Interest : : " Stamp Duty : : .	3	5	10	3	2 3	10 -
	£460	1	6	£460	1	6

J JENKINS JOURNAL

	£	s	d	£	s	d
Bills Payable To S Storm	226	14	11	226	14	11
S Storm To Bills Payable	230	-	9	230	-	9
Interest Stamp Duty To S Storm	3	2 3	10 -		3 5	10
	£460	1	6	£460	1	6

EXERCISE VI—No. 11

T TALBOT'S JOURNAL

	£	s	d	£	s	d
Bills Receivable	120	-	-			
To A—Debtor				120	-	-

The above bill can be dealt with in the following ways—

- (1) Discounted with a banker or bill broker.
- (2) Endorsed to a customer
- (3) Held until maturity

JOURNAL ENTRIES		£	s	d	£	s	d
(2) A—Creditor		120	-	-			
To Bills Receivable					120	-	-
<i>If dishonoured—</i>							
A—Debtor		120	-	-			
To A—Creditor					120	-	-
CASH BOOK (DEBIT SIDE)							
(1) To Bills Receivable					120	-	-
<i>If dishonoured—</i>							
CASH BOOK (CREDIT SIDE)							
By A—Debtor					120	-	-
(3) As for (1), assuming the bill had been sent to bank for collection, otherwise, as under—							
JOURNAL ENTRY							
A—Debtor		120	-	-			
To Bills Receivable					120	-	-

EXERCISE VI—No. 12

Methods of procedure are explained on page 173 *et seq* of *Advanced Accounts*

(1) *Credit Bank Account* By J (for dishonoured bill) "

(2) M's LEDGER

Dr			B			Cr			
19 Mar 1	To Bills Payable	£ 100	s -	d -	19 Mar 1	By Bills Receivable	£ 100	s -	d -
Dr			BILLS RECEIVABLE ACCOUNT			Cr			
19 Mar 1	To B . . .	£ 100	s -	d -	19 Mar 1	By Bank . . .	£ 100	s -	d -
Dr			BILLS PAYABLE ACCOUNT			Cr			
19 June 4	To Bank . .	£ 100	s -	d -	19 Mar 1	By B . . .	£ 100	s -	d -

EXERCISE VI—No 12 (contd)

Dr		BANK ACCOUNT						Cr	
19 Mar 1	To Bills Receivable	£	s	d	19 Mar 1	By Discount Charges	£	s	d
		100	-	-	June 4	u Bills Payable	100	-	-

Dr		DISCOUNT ACCOUNT						Cr	
19 Mar 1	To Bank	£	s	d	19		£	s	d
		1	5	-					

Note The tenor of the bill has been taken at "three months"

B's LEDGER

Dr		M						Cr	
19 Mar 1	To Bills Payable	£	s	d	19 Mar 1	By Bills Receivable	£	s	d
		100	-	-			100	-	-

Dr		BILLS RECEIVABLE ACCOUNT						Cr	
19 Mar 1	To M	£	s	d	19 Mar 1	By Bank	£	s	d
		100	-	-			100	-	-

Dr		BILLS PAYABLE ACCOUNT						Cr	
19 June 4	To Bank	£	s	d	19 Mar 1	By M	£	s	d
		100	-	-			100	-	-

Dr		BANK ACCOUNT						Cr	
19 Mar 1	To Bills Receivable	£	s	d	19 Mar 1	By Discount Charges	£	s	d
		100	-	-	June 4	u Bills Payable	100	-	-

Dr		DISCOUNT ACCOUNT						Cr	
19 Mar 1	To Bank	£	s	d	19		£	s	d
		1	5	-					

(3)

(A) L's JOURNAL

		£	s	d	£	s	d
Bills Receivable	Dr						
To M	Cr						
M	Dr						
To Bills Receivable	Cr						
M	Dr						
To Bank	Cr						

EXERCISE VI—No 12 (contd.).

(B) M's JOURNAL

			£	s	d	£	s	d.
L	To Bills Payable	Dr						
		Cr						
Bills Payable		Dr						
To L		Cr						

(C) N's JOURNAL

			£	s	d	£	s	d
Bills Receivable		Dr						
To L		Cr						
Bank		Dr						
To Bills Receivable		Cr						

EXERCISE VI—No 13

PURCHASES BOOK

		£	s	d	£	s	d.
19 Jan. 6	By Lyons— 150 tons Pig Iron @ 43/4 a ton	325	—	—			
	Less 3% Trade Discount	9	15	—	315	5	—
	Total of Invoice				£315	5	—

SALES BOOK

		£	s	d.
19. Jan. 2	James & Co— 20 tons 10 cw 2 qrs Steel Bars @ 103/4 a ton	106	—	11

EXERCISE VI—No 13 (contd)

BILLS RECEIVABLE BOOK

Date.	From Whom Received.	Tenor	Due Date	Amount		
19. Jan 7	J Kitson (Bill dated 4th Jan)	4 mos	19.. May 7	£ 178	s. 10	d. -

BILLS PAYABLE BOOK

Date	To Whom Given	Tenor	Due Date	Amount		
19.. Jan 6	W Lyons (Bill dated 1st Jan)	3 mos	19. Apr 4	£ 315	s 5	d -

TRIAL BALANCE

	£	s	d	£	s	d.
Purchases	315	5				
Bills Receivable	178	10	-			
Discount	1	2	6			
Carnage	2	11	4			
Rent	100	-	-			
Salaries	25	-	-			
Wages	75	-	-			
James & Co	106	-	11			
J Butler	35	14	2			
Sales				106	-	11
Bills Payable				315	5	-
J Tasker				47	10	-
W. Methley				39	15	-
J. Moulton				45	-	-
J Kitson				178	10	-
Bank (for Overdraft)				107	3	-
	£839	3	11	£839	3	11

EXERCISE VI—No 14

JOURNAL OF WILLIAM ASHTON

OPENING ENTRIES

			£	s	d	£	s	d
19								
Jan 1	Freehold Works	.	9	127	10			
	Fixed Plant	.	7	826	15			
	Dry Dock	.	6	284				
	Loose Plant etc	.	2	788	5			
	Expenditure on—							
	SS Owl	.	7	126				
	SS Hawk	.	4	291				
	SS Sparrow	.	8	35				
	Materials	.	4	724	9			
	Bills Receivable—							
	Nos 186	£329 6 6						
	187	546 10						
	188	490 9 6						
			1	366	6			
	Cash at Bank	.	2	796	8			
	Cash in Office	.	120	14	6			
	To Robinson & Co	.				984	17	
	Jones & Co	.				1	653	10
	Brown & Co	.				848	19	
	Mortgage (P Piper)	.				8	000	
	Bills Payable—							
	Nos 135	£640 8						
	136	728 10						
	137	320 17 6						
						1	689	15
	„ Instalments on—							
	SS Owl	.				6	849	
	SS Hawk	.				3	500	
	„ Capital Account	.				23,760	7	8
			£	47	286	9	2	
						47	286	9

EXERCISE VI—No 15

Dr

V WHITING S CASH BOOK

Cr

		£	s	d		£	s	d
1932					1933			
Sept 3	To R Sturgeon	1	473	15	Jan 4	By R Salmon	1	000

V WHITING S LEDGER

Dr

R SALMON

Cr

		£	s	d		£	s	d
1932					1932			
Sept 1	To Goods	1	000		Sept 1	By Bills Receivable	1	000
1933								
Jan 4	To Cash	1	000		Jan 4	By Bills Receivable	1	020
4	Interest	20	16	8	(incl Interest)		16	8
		£1	020	16		£1	020	16

EXERCISE VI—No 15 (contd)

Dr.		R STURGEON		Cr			
1932 Sept. 3	To Bills Receivable	£	s d	1932 Sept. 3	By Cash	£	s d
		1,500	-		- Discount	1,473	15 3
						26	4 9
		£1,500	-			£1,500	-

Dr		BILLS RECEIVABLE ACCOUNT				Cr			
1932 Sept. 1	To R. Salmon	£	s	d	1932 Sept. 3	By R Sturgeon	£	s	d
		1,500	-	-			1,500	-	-
1934 Jan. 4	To R. Salmon	£	s	d					
		1,020	18	8					

Dr		DISCOUNT AND INTEREST ACCOUNT						Cr	
1932 Sept 3	To R Sturgeon	£	s	d.	1933 Jan. 4	By R. Salmon	£	s	d.
		25	4	9			20	16	8

Dr		SALES ACCOUNT				Cr	
				1932 Sept. 1	By R. Salmon	£	s d
						1,500	- -

EXERCISE VI—No. 16.

ROBINSON'S BOOKS

PURCHASES BOOK

SALES BOOK

19. Aug. 31	To Tuck & Co — 150 tons Coal @ 7/6 a ton	£	s d	19 Sept 14	The Sheffield Mfg Co — 150 tons Coal @ 12/6 a ton	£	s d
		96	5 -			93	15 -

Dr.		CASH BOOK				Cr				
19 Nov. 17	To Sheffield Mfg. Co.	£	s	d	19 Aug 31	By Tuck & Co	Direct	£	s	d
		93	15	-	" 31	" Cartage	(1/8 2)	54	16	10
					" 31	" Cartage	(150 tons @ 1/3)	9	7	6
					Nov 30	" Cartage	(150 tons @ 1d.)	5	12	6
						" Balance c/d		23	18	2
		£93	15	-				£93	15	-
Nov. 30	To Balance b/d	23	18	2						

EXERCISE VI—No 16 (contd)

JOURNAL

			£	s	d	£	s	d
19								
Sept 14	Bills Receivable	Dr	93	15				
	To Sheffield Manufacturing Co	Cr				93	15	
	Bill drawn at 2 mos							
Nov 17	Sheffield Manufacturing Co	Dr	93	15				
	To Bills Receivable	Cr				93	15	
	Bill due dishonoured							
			£187	10		£187	10	

LEDGER

Dr	TUCK & CO	Cr
19		
Aug 31	To Cash	19
31	Discount	Aug 31
	£ 54 16 10	By Purchases
	1 8 2	£ 56 5
	£56 5 -	£56 5 -

Dr	SHEFFIELD MANUFACTURING CO	Cr
19		
Sept 14	To Sales	19
Nov 17	Bills Receivable	Sept 14
	£ 93 15 -	By Bills Receivable
	93 15 -	Nov 17
	£187 10 -	Cash
		£ 93 15 -
		£187 10 -

Dr	BILLS RECEIVABLE ACCOUNT	Cr
19		
Sept 14	To Sheffield Mfg Co	19
	£ 93 15 -	Nov 17
		By Sheffield Mfg Co
		£ 93 15 -

Dr	TRADING ACCOUNT	Cr
19		
	To Purchases	19
	Carriage Inwards	By Sales
	Cartage Inwards	Discount on Pur
	Profit and Loss A/c	chases
	£ 56 5 -	£ 93 15 -
	9 7 6	1 8 2
	5 12 6	
	23 18 2	£93 3 2
	£93 3 2	

Dr	PROFIT AND LOSS ACCOUNT	Cr
19		
	To Establishment Exps	19
	(10% of £56/5)	By Trading Account
	Balance Nxt Profit	£ 23 18 2
	£ 5 12 6	
	18 5 8	
	£23 18 2	£23 18 2

EXERCISE VI—No 16. (contd)

FORM OF BILL

No 33.

DUE DATE 17th November, 19..

SHEFFIELD.

£93 15 0.

14th September 19..

STAMP

1/-

Two months after date pay to me or my order the
sum of ninety three pounds, fifteen shillings, for value
received

To SHEFFIELD MANUFACTURING, CO
SHEFFIELD

J. ROBINSON.

EXERCISE VI—No 17

A "Bill of Lading" is the Captain's receipt for goods on board his ship, and containing his undertaking to deliver (on certain conditions) to the place named in the document or to the person named therein or to order.

"Drawing as against Bills of Lading" is a term used in connection with the drawing of a bill by a foreign merchant on his English customer, which bill (one of the vias) is placed in the hands of the bankers with whom the foreign merchant has discounted it before acceptance surrendering there-with a bill of lading as security for value stated in the bill. The bill of lading is one of the documents which would be attached to the bill of exchange. See also *Advanced Accounts*, page 185 (under 'Documentary Bills')

EXERCISE VI—No 18

(a)

INVOICE

EAST STREET,

SHEFFIELD

4th March, 19 .

THE LOW MOOR IRON CO

BOUGHT of JOHN NIGHTINGALE

Iron Merchant

Terms -

40 tons Scotch Iron @ 45/- a ton

£
90s
-d
-

EXERCISE VI—No 18 (contd).

(c)

BILLS RECEIVABLE BOOK

No of Bill	Date Drawn	Name of Acceptor	Tenor	Due Date	Amount			Remarks
73	19 Apr. 2	The Low Moor Iron Co	3 mos	19 July 5	£ 250	s	d	

BOOKS OF LOW MOOR IRON CO.

BILLS PAYABLE BOOK

No of Bill	To Whom Payable	Tenor	Due Date	Fol	Amount			Remarks
73	John Nightingale	3 mos	19 July 5		£ 250	s	d	

LEDGER

Dr

JOHN NIGHTINGALE

Cr

19		£	s	19		£	s
Mar 20	To Cash	200	-	Mar 4	By Purchases	90	-
Ap 2	, Bills Payable	250	-	, 10	, Purchases	220	-
" 2	, Balance c/d	28	-	, 19	, Purchases	169	-
		£478	-			£478	-
				Apr 2	By Balance b/d	28	-

EXERCISE VI—No 19

Dr		Y S CASH BOOK				Cr			
1937		£	s	d	1938		£	s	d
Oct 1	To X	305			Mar 31	By Balance c/d	1 019	1	8
1938		£	s	d					
Jan. 1	To Bills Receivable	600							
1	X	14	1	8					
		£1 019	1	8			£1 019	1	8
1938									
Mar 31	To Balance b/d	1 019	1	8					

Dr		Y S LEDGER				Cr			
		X							
1937		£	s	d	1937		£	s	d
Oct 1	To Goods	1 350			Oct 1	By Cash	305		
						Bills Receivable	1 250		
1938					1938				
Jan 1	To Bills Receivable	650			Jan 1	By Bills Receivable	650		
1	Interest	14	1	8	1	Cash	14	1	8
		£664	1	8			£664	1	8

Dr		INTEREST ACCOUNT				Cr			
					1938		£	s	d
					Jan. 1	By X	14	1	8

Dr		SALES ACCOUNT				Cr			
Mar 31	To Trading Account	1 350			1937		£	s	d
					Oct 1	By X	1 350		

Dr		BILLS RECEIVABLE ACCOUNT				Cr			
1937		£	s	d	1938		£	s	d
Oct 1	To X	1 250			Jan 1	By Cash	600		
					1	X	650		
		£1,250					£1,250		
1938					1938				
Jan. 1	To X	650			Mar 31	By Balance c/d	650		
Mar 31	To Balance b/d	650							

EXERCISE VI—No. 20.

10

CASH BOOK OF IONAS WILKINSON

10

Date		Discount	Cash	Bank	1938 June	By Banker's Discount	Discount	Cash	Bank
1938 June 4	To Bills Receivable				4				
" 13	Wm Dawson			400	6	Frank Kilner			
" 15	Cash	2 7 1	77 2 4		10	Cheque Book			
" 17	Bank			70	15	Bank			
" 30	Bank Interest			8 b	17	Cash			
					17	Stationery			
					17	Letrod and On			
					17	Wages			
					18	Wm Dawson			
						(Disallowed cheque)			
					30	Balances			
July 1	To Balances	£2 7 1	£101 19 10	£473 8 -					
			7 2 4	71 6 6					

EXERCISE VI—No 21

See *Advanced Accounts* pages 3 (under System of Accounting) to 5 (inclusive)

EXERCISE VI—No 22.

See *Advanced Accounts* page 12 (under Bank Cash Book) also pages 290 and 291 for examples of Cash Books

The Petty Cash Book contains an analysis of petty disbursements examples of which are carriage postages stationery and packing materials The Petty Cash Book is subsidiary to the General Cash Book because it relieves the principal Cash Book of all details re small payments which items are entered in a TOTAL amount at the end of the month

EXERCISE VI—No 23

Dr

PETTY CASH BOOK (IMPREST SYSTEM)

Cr

Amount Received	Date	Particulars	Total	Postages etc	Gas Account	Carriage	Office Cleaning
£ s d			£ s d	£ s d	£ s d	£ s d	£ s d
20	19 Jun	To Bank	3 5	1 17 6	2 14 9	3 5	1 17 8
	2	By Carriage	2 14 9				
	2	Postages etc	1 17 8				
	2	Gas Account					
	2	Office Cleaning					
		TOTAL EXPENDITURE	£9 14 11	£1 17 6	£2 14 9	£3 5	£1 17 8
9 14 11	2	To Bank	20				
	2	By Balance c/d					
£29 14 11			£29 14 11				

EXERCISE VI—No 23 (contd.)

Cr.

BANK CASH BOOK

Dr

Date	Particulars	For	This count	Details	Bank	Subs Ledger	General Ledger	Date	Particulars	For	This count	Cash	Bank	Brought Forward	General Ledger
19 Jan	To J Smith		£ 2 10 -	£ 67 10 -	£ 220 16 8	£ 160 9 -		19 Jan	By W Jones		£ 8 8 -		£ 218 12 -	£ 224 -	£ 6
"	" " 1000			73 0 8		73 0 8		"	" 1000				140 7 8		140 7 8
								"	" 1000				52 6 8		52 6 8

EXERCISE VI—No. 25

JOURNAL OF MESSRS DODGER & CO.

		£	s	d	£	s	d
19							
Mar	1	Ibbetson & Co	1	17	-		
		To Commission				1	2 9
		2% of £57					
		To Discount				14	3
		5% of £57 for 3 mos					
"	1	Bills Receivable	58	17	-	58	17 -
		To Ibbetson & Co					
		Bill drawn @ 3 mos for total of invoice and charges					
June	1	Ibbetson & Co	58	17	-	58	17 -
		To Bills Receivable					
		Bill @ 3 mos withdrawn					
"	1	Ibbetson & Co	1	2	-		
		To Commission				15	6
		2% of £38/17/-					
		To Discount				6	6
		5% of £38/17/- for 2 mos					
"	1	Bills Receivable	39	19	-	39	19 -
		To Ibbetson & Co					
		Bill drawn @ 2 mos					
			£160	12	-	£160	12 -

SALES BOOK

		£	s	d	£	s	d
19							
May	1	Ibbetson & Co —					
		120 tons best House Coal @ 8 9	52	10	-		
		Wagon Hire (120 tons @ 9 1)	4	10	-		
						57	-
		Total of Invoice				£57	-

CASH BOOK
(DEBIT SIDE)

		£	s	d
19				
June	1	To Ibbetson & Co	20	-
Aug	4	" Bills Receivable	39	19

EXERCISE VI—No 25 (contd.)

MESSRS IBBETSON & CO

[illegible]

135 EXERCISE VI—No. 26

TRADING ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY 19

	Factory		Shop		Total		Factory		Shop		Total	
	£	s d	£	s d	£	s d	£	s d	£	s d	£	s d
To Stock 1st Mar	3 408	-	7 47	-	4 575	-					4 199	-
" Purchases	11 760	-	4 199	-	17 760	-					26 891	-
" Purchases from Factory			62	-	4 199	-					3 105	-
" Purchases for Cash					62	-						
" Wages	8 433	-			6 473	-					7 538	-
" Manufacturing Expenses	3 725	-			891	-					470	-
" Balance Gross Profit c/d	£ 26 557	-	£ 3 000	-	£ 7 225	-					£ 34 665	-

EXERCISE VI—No 26 (cont'd)

PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY, 19...

	Factory			Shop			Total	Factory			Shop			Total
	£	s	d	£	s	d	£ s d	£	s	d	£	s	d	£ s d
To Office Salaries	280	-	-	266	-	-	546	373	-	-	3000	-	-	6725
" Office Expenses, etc.	395	-	-	36	-	-	395	281	-	-	-	-	-	282
" Audit Fees (due)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
" Law Expenses and Audit Fee	41	-	-	-	-	-	41	-	-	-	-	-	-	-
" Rent, Rates, Taxes Light and Ins ⁿ ce	438	-	-	483	-	-	921	-	-	-	-	-	-	-
" Travellers Commission	152	-	-	-	-	-	152	-	-	-	-	-	-	-
" Bad Debts	8	-	-	-	-	-	8	-	-	-	-	-	-	-
" Shop Manager's Commission	-	-	-	60	-	-	60	-	-	-	-	-	-	-
(2% of £3,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation—	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fixtures	31	-	-	49	-	-	80	-	-	-	-	-	-	-
Balance Brought Forward	267	2	6	2,108	-	-	4,768	-	-	-	-	-	-	-
	£4,007	-	-	£3,600	-	-	£7,607	£4,007	-	-	£3,000	-	-	£7,007

D₇ GENERAL PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 28TH FEBRUARY, 19.. Cr.

	£	s.	d.	£	s.	d.	£	s.	d.
To DEPRECIATION Plant (10% of £3,280)									
" Interest on Capital Accounts—									
A Walters (5% of £8,200)	310	-	-	308	-	-			
J. Smith (8% of £3,300)	175	-	-						
				495	-	-			
BALANCE, NET Profit to Capital Account—									
A Walters, £	2,644	-	-	3,998	-	-			
J. Smith, £	1,322	-	-						
				6,779	-	-			
							4,779	-	-

EXERCISE VI—No 26 (cont'd)

MESSRS WALTERS & SMITH

BALANCE SHEET AS AT 28TH FEBRUARY 19

[illegible]

EXERCISE VI—No 27

MESSRS WILSON & BOOKMAN

TRADING ACCOUNT

Dr. FOR THE ½ YEAR ENDED 31ST DECEMBER, 19.. Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Stock, 1st July				8,908	-	-	By Sales	30,643	-	-			
" Purchases (including Govt Duty)				25,609	-	-	Less Returns Inwards	278	-	-			
" Manufg Wages				4,097	-	-					30,365	-	-
" Bal, Gross Profit				9,537	-	-	" Stock, 31st Dec.				12,896	-	-
				£ 48,261	-	-					£ 48,261	-	-

MESSRS WILSON & BOOKMAN

, PROFIT AND LOSS ACCOUNT

Dr. FOR THE ½ YEAR ENDED 31ST DECEMBER 19 Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Salaries & Wages				1,100	-	-	By Trading Account						
" Rents, Rates, and Taxes				562	-	-	Gross Profit				9,537	-	-
" Travelling Exps				130	-	-	Commission				561	-	-
" Exps of Licences				58	-	-							
" Insurance, etc.	40	-	-										
Less Proportion of Prem. prepaid	7	10	-										
				32	10	-							
" Reps & Renewals				377	-	-							
" Int. and Disc't				587	-	-							
" Bad Debts	562	-	-										
Add ½ of Macmillan Unpaid Bill	50	-	-										
				412	-	-							
" Bad Debts Res. (5% of £6,200-£50)				307	10	-							
Int on Cap A/cs													
A. Wilson (5% 6 m £7,200)	181	5	-										
J. Bookman (5% 6 m £4,685)	117	2	8										
				298	7	6							
" Bal — Net Profit to Capital A/cs													
A. Wilson, ½ sh	3 138	6	3										
J. Bookman ½ sh	3 138	6	3										
				6,276	12	6							
				£ 10,101	-	-					£ 10,101	-	-

EXERCISE VI—No 27 (contd)

MESSRS WILSON & BOOKMAN
BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES						ASSETS					
£	s	d	£	s	d	£	s	d	£	s	d
Loan			2 000			Cash	53				
Sundry Creditors			5 963			Bank	1 897				
Capital Accounts—											
A Wilson						Bills Receivable			1 950		
Capital 1st July	7 250					Sundry Debtors	6 200		950		
Add Interest	181	5				Less Bad Debts 50					
Sh of Profit	3 138	6				Bad Debts					
						Reserve 307½					
	10 569	11					357	10			
Less Drawings	640								5 842	10	
			9 929	11	3	Stock			12 898		
J Bookman						Fixtures & Fittings			897		
Capital 1st July	4 680					Plant & Machinery			2 880		
Add Interest	117	2				Proportion of Insurance Premium prepaid			7	10	
Sh of Profit	3 138	6									
	7 940	8									
Less Drawings	410										
			7 530	8	9						
			£ 25 423						£ 25 423		

EXERCISE VI—No 28

STANLEY MAIN COAL CO S BOOKS
JOURNAL ENTRIES

		£	s	d	£	s	d
19							
Jan 1	Messrs Ricksmith Pigg & Co To Wagon Hire For charge of 9d a ton for wagon hire on 1 000 tons	37	10		37	10	
" 1	Messrs Ricksmith Pigg & Co To Carriage For charge of 2/6 a ton carriage on 1 000 tons	125			125		
" 1	Screening Account To Messrs Ricksmith Pigg & Co For allowance of 6d per ton for screening	25			25		
" 1	Bills Receivable To Messrs Ricksmith Pigg & Co For acceptance at 2 mos	512	10		512	10	
		£ 700			£ 700		

EXERCISE VI—No 28 (contd)

SALES BOOK

		£	s.	d
19..				
Jan 1	Messrs Ricksmith, Pigg & Co— 1,000 tons Coal @ 7/6 a ton .	375	-	-

LEDGER

Dr. MESSRS RICKSMITH, PIGG & CO Cr

		£	s	d			£	s	d
19					19				
Jan. 1	To Sales .	375			Jan 1	By Screening	25		
" 1	" Wagon Hire .	37	10		" 1	" Bills Receivable	512	10	
" 1	" Carriage .	125							
		£537	10				£537	10	

NOTE—The above "records" relate to only ONE month
EXERCISE VI—No 29

P'S LEDGER

Dr Q Cr

		£	s	d			£	s	d
Jan. 3	To Goods	600			Jan. 3	By Bills Receivable	600		
May 3	" Bills Receivable	200			May 3	" Cash	50		
3	Interest	1	17	6	3	" Bills Receivable	151	17	6
		£801	17	6			£801	17	6

Dr BILLS RECEIVABLE ACCOUNT Cr

		£	s	d			£	s	d
Jan. 3	To Q	600			Jan. 7	By Bank	159	5	8
May 3	" Q	151	17	6	" Discount			14	4
					Apr 3	Bank	200		
					May 3	Q	200		
					1	Bank	150	5	9
					10	" Discount	1	11	9
		£751	17	6			£751	17	6

Dr DISCOUNT AND INTEREST ACCOUNT Cr

		£	s	d			£	s	d
Jan 7	To Bills Receivable		14	4	May 3	By Q	1	17	6
May 10	" Bills Receivable	1	11	9	" 10	" Profit and Loss		8	7
		£2	6	1			£2	6	1

PROFIT AND LOSS ACCOUNT

		£	s	d
May 10	To Discount and Interest Account		8	7

EXERCISE VI—No 30

See Answers at end of *Advanced Accounts*

EXERCISE VII—No 1

R RANDOM & SONS JOURNAL

		£	s	d	£	s	d
19 Sept 1	Consignment Account To Goods on Consignment . " Freight . " Insurance . For invoice value of goods shipped to Paul Gold Capetown	578	-	-	500	-	-
					60	-	-
					18	-	-
Oct 28	Paul Gold To Consignment Account	460	-	-	460	-	-
	Consignment Account To Paul Gold For expenses £10 and commission £25	35	-	-	35	-	-
Oct 28	Bills Receivable To Paul Gold	425	-	-	425	-	-
Nov 2	Paul Gold To Consignment Account	320	-	-	320	-	-
	Consignment Account To Paul Gold For expenses £8 and commission £10	18	-	-	18	-	-
Nov 2	Bills Receivable To Paul Gold	302	-	-	302	-	-
		£2 138	-	-	£2 138	-	-

R RANDOM'S LEDGER

Dr

CONSIGNMENT ACCOUNT

Cr

		£	s	d			£	s	d
19 Sept 1	To Goods on Consignment Freight Insurance P Gold Balance c/d (Profit for period)	500 60 18 35 127	-	-	19 Oct 28	By P Gold Goods on Consignment unsold c/d (including proportion of expenses)	460 280	-	-
		£740	-	-			£740	-	-
Oct 28	To Balance b/d (unsold Goods)	280	-	-	Oct 28	By Balance b/d (Profit on part sale of Goods)	127	-	-
Nov 2	P Gold Balance to Profit and Loss	18 149	-	-	Nov 2	" P Gold	320	-	-
		£447	-	-			£447	-	-

EXERCISE VII—No 1 (contd)

<i>Dr.</i>		PAUL GOLD			<i>Cr.</i>				
19 Oct. 28	To Consignment .	£ 400	s -	d -	19 Oct. 28	By Consignment .	£ 35	s -	d -
						" Bills Receivable	425	-	-
		£400	-	-			£460	-	-
Nov 2	To Consignment .	320	-	-	Nov 2	By Consignment .	18	-	-
						" Bills Receivable	302	-	-
		£320	-	-			£320	-	-

<i>Dr.</i>		BILLS RECEIVABLE ACCOUNT			<i>Cr.</i>	
19 Oct. 28	To P Gold	£ 425	s -	d -		
Nov 2	" "	302	-	-		

<i>Dr.</i>		FREIGHT AND INSURANCE ACCOUNT				<i>Cr</i>			
19				19			£	s	d
				Sept 1	By Consignment	78	-	-	

(Note—Expenses assumed to have not been paid)

EXERCISE VII—No 2

DELMARINE BROS' JOURNAL

		£	s	d	£	s	d
19 Oct 15	Consignment Account To Goods on Consignment For shipment of 60 cases mixed Sheffield goods at £32 10s per case to Donnison & Sons Port Elizabeth	1,950	-	-	1 950	-	-
Dec 19	Donnison & Sons To Consignment For gross proceeds of sale of goods consigned to him as per account sales	2 855	-	-	2 855	-	-
" 19	Consignment To Donnison & Sons For expenses and commission as per account sales	125	11	6	125	11	6
		£ 4 930	11	6	£ 4,930	11	6

An ACCOUNT SALES is a document containing particulars of the Gross proceeds of the consignment sold together with details of expenses charges and commission in connection therewith. The document is prepared by the CONSIGNEE.

EXERCISE VII—No 2 (contd.)

A CONSIGNMENT ACCOUNT is raised in the CONSIGNOR'S Ledger and contains particulars of—

(a) Goods sent out on consignment

(b) Particulars of their sale by agent

(c) Particulars of expenses charges and commission in connection with above

ACCOUNT SALES OF 60 CASES MIXED SHEFFIELD GOODS sold on account and risk of Messrs Delmaine Bros London

		£	s	d	£	s	d
19 Dec 15	30 cases Mixed Sheffield Goods @ £45 per case				1 350	—	—
17	25 cases Mixed Sheffield Goods @ £50 per case				1 250	—	—
19	5 cases Mixed Sheffield Goods @ £51 per case				250	—	—
					2 850	—	—
	CHARGES						
	Storage	16	10				
	Landing Charges	6	10				
	Insurance	2	11				
	Commission—2% of £2 850	57	2				
	Del credere Commission—14% of £2 850	40	16	6			
					125	11	6
	Net Proceeds				2 729	8	6
	Bill drawn Nov 1				1 000		
E & O F	Port Elizabeth 19th December 19				£1 729	8	6
	Donnison & Son						

BILLS RECEIVABLE BOOK

Date	No of Bill	From whom Received	Term	Due Date	Fol	Discount	Amount
19 Nov 1	1	Donnison & Sons				£ s d	£ s d
							1 000

DELMARINE BROS LEDGER

Dr

CONSIGNMENT ACCOUNT

Cr

		£	s	d			£	s	d
19 Oct. 15	To Goods on Consignment	1 950			19 Dec 19	By D Donnison & Sons	2 855		
	Cash	68	19						
Dec 19	D Donnison	125	11	6					
	Balance to Profit and Loss	710	9	6					
		£2 855					£2 855		

EXERCISE VII—No. 3 (cont'd)

Dr		D. DONNISON & SONS			Cr.	
19		£	s	d	19	
Dec. 19	To Consignment	2,855	-	-	Nov. 1	By Bills Receivable
					Dec. 19	" Consignment
					"	" Balance c/d
		2,855	-	-		1,000
						125
						1,729
						8
						6
Dec. 19	To Balance b/d.	1,729	8	6		

Dr		BILLS RECEIVABLE ACCOUNT			Cr	
19		£	s	d		
Nov. 1	To D. Donnison & Sons	1,000	-	-		

Dr		CASH BOOK			Cr	
					£	s
				19		d
				Oct. 15	By Consignment—	
					Insurance	10
					Freight	54
					Sundry Chgs	3
						12
						12
						-

EXERCISE VII—No. 3

J. MOSS & CO'S JOURNAL

19		£	s	d	£	s	d
	Consignment Account	1,500	-	-	1,500	-	-
	To Goods on Consignment						
	For goods sent to J. Solomon, Hong Kong						
	Bills Receivable	1,300	-	-	1,300	-	-
	To J. Solomon						
	J. Solomon	1,729	-	-	1,729	-	-
	To Consignment						
	For gross proceeds as per account sales						
	Consignment Account	71	-	-	71	-	-
	To J. Solomon						
	For expenses and commission as per account sales						
	Consignment Account	15	-	-	15	-	-
	To Bankers' Discount						
	For loss on bill discounted						
		£4,615	-	-	£4,615	-	-

EXERCISE VII—No 3 (contd)

Dr		CASH BOOK				Cr	
		Bank.				Bank.	
19	To Bills Receivable J Solomon (Sight Dr)	£	s	d	19	By Consignment A/c— Freight Insur. etc.) Bankers' Discount Balance c/d	£ s d
		1 300					35
		328					15
							1 353
		£1 628					£1 658

J MOSS & CO'S LEDGER

Dr		CONSIGNMENT ACCOUNT				Cr	
19	To Goods on C/men Cash Bankers' Discount J Solomon Balance to Profit and Loss	£	s	d	19	By J Solomon	£ s d
		1 300					1 729
		55					
		15					
		71					
		88					
		£1 729					£1 729

Dr		J SOLOMON				Cr	
19	To Consignment	£	s	d	9	By Bills Receivable Consignment Cash	£ s d
		1 729					1 300
							71
							328
		£1 729					£1 729

Dr		BILLS RECEIVABLE ACCOUNT				Cr	
19	To J Solomon	£	s	d	19	By Bank	£ s d
		1 300					1 300

Dr		BANKERS' DISCOUNT ACCOUNT				Cr	
19	To Bank	£	s	d	19	By Consignment	£ s d
		15					15

EXERCISE VII—No 4.

JOINT VENTURE ACCOUNT
(AN ACCOUNT OF SPECULATION IN TIMBER
BY T TOHM AND F FRIEDLEY)

Dr.					(AN ACCOUNT OF SPECULATION IN TIMBER BY T TOHM AND F FRIEDLEY)					Cr				
		£	s	d			£	s	d					
19					19									
Jan 20	To A Rusphy	687	16	-	Feb 21	By Cash	175	2	5					
" 23	Loading	36	15	6	Mar 27	" F Turner	420	-	-					
" 31	Freight to London	123	14	5	Apr 15	" L Lott	1,472	10	6					
Feb 26	Cash	1,027	-	-	May 31	" F Friedley	320	8	-					
Mar 25	Shipping Charges and Freight	225	10	11		(a partner)								
May 31	Int on Cap A/cs													
	T Tohm													
	(136 days)	8	7	8										
	F Friedley													
	(136 days)	10	4	11										
" 31	Balance (Profit) to Capital A/cs													
	T Tohm													
	$\frac{2}{3}$ share	120	17	2										
	F Friedley													
	$\frac{1}{3}$ share	147	14	4										
		£2 388	-	11			£2 388	-	11					

Dr				T TOHM—NORWAY				Cr			
		£	s	d			£	s	d		
19					19						
May 29	To Balance c/d	579	4	10	Jan 15	By Cash	450	-	-		
					May 31	Interest	8	7	8		
					" 31	(for 136 days)					
						Share of Profit	120	17	2		
						($\frac{2}{3}$ of £268 11 6)					
		£579	4	10			£579	4	10		
May 31	To Cash	£579	4	10	May 31	By Balance b/d	£579	4	10		

EXERCISE VII—No 4 (contd)

Dr		F FRIEDLEY—ENGLAND					Cr		
19 May 31	To Joint Venture (Timber taken over)	£ 300	s 8	d	19 Jan 15	By Cash	£ 300	s -	d
" 31	Balance c/d	387	11	3	May 31	Interest (for 136 days) Share of Profit ($\frac{1}{10}$ of £288/11 6)	10	4	11
		£707	19	3			147	14	4
May 31	To Cash	387	11	3	May 31	By Balance b/d	£707	19	3
		£387	11	3			£387	11	3

Dr		CASH BOOK					Cr		
		£	s	d			£	s	d
19					19				
Jan 15	To Capital Accounts				Jan 23	By Joint Venture —			
	T Tohm	450				Loading	36	15	6
	F Friedley	550			31	Freight to			
Feb 21	Joint Venture	175		5		London	123	14	5
May 19	Bills Receivable	1 472	10	6	Feb 26	Joint Venture	1 027		
	(L. Lot's ac				Mar 25	Shipping Charges			
	ceptance)					and Freight	225	10	11
" 30	Bills Receivable	420			Apr 24	Bills Payable	687	16	
	(R. Turner's					(Our accept			
	acceptance)					ance to P. Rus			
						sphy)			
					May 31	Balance c/d	966	16	1
		£3 067	12	11			£3 067	12	11
May 31	To Balance b/d	966	16	1	May 31	To Capital Accounts			
						T Tohm	579	4	10
						F Friedley	387	11	3
		£966	16	1			£966	16	1

EXERCISE VII—No 5

P POTTER'S JOURNAL

		£	s	d	£	s	d
19 July 1	Consignment Account To Goods on Consignment For 1,150 tons Iron invoiced (<i>pro forma</i>) at 52s 6d per ton and sent to K Kettlewell, New York	3 018	15	-	3,018	15	-
Sept 1	K Kettlewell To Consignment For net proceeds of Account Sales, sent by K Kettlewell, the particulars of which are set out below— <div style="margin-left: 40px;"> <div style="display: flex; justify-content: space-between; width: 100%;"> \$\$ </div> <div style="display: flex; justify-content: space-between; width: 100%;"> 222 tons @ 15 00= 3 330-00 </div> <div style="display: flex; justify-content: space-between; width: 100%;"> 300 " @ 14 50= 4,350-00 </div> <div style="display: flex; justify-content: space-between; width: 100%;"> 176 " @ 14-25= 2,508 00 </div> <div style="display: flex; justify-content: space-between; width: 100%;"> 452 " @ 14 75= 6 467-00 </div> </div> <div style="margin-left: 40px;"> 1,150 tons Iron Gross Proceeds \$16 855-00 Less 3% Commission \$505 65 Net Proceeds \$16 349 35 </div> <div style="margin-left: 40px;"> \$16 349-35 @ 4 1/2 = 3 406 2s 3d </div>	3,406	2	3	3,406	2	3
Sept 1	Bills Receivable. To K Kettlewell Bill at 60 days for amount of NET proceeds, as per Account Sales	3 406	2	3	3,406	2	3
Oct 30	Difference in Exchange (Loss) To Bills Receivable	48	19	2	48	19	2
" 30	Consignment Account. To Difference in Exchange (Loss)	48	19	2	48	19	2
	(For transfer of loss on bill)	9 928	17	10	9,928	17	10

EXERCISE VII No 5 (contd.)

P POTTERS LEDGER

Dr				CONSIGNMENT ACCOUNT				Cr			
19				£	s	d	19				
July 1	To Goods on C/mnt	3	0	18	15		Sept 1	By Kettlewell	3	4	06
1	Cash			175	15	9					
Oct 30	Loss on Exchange			48	19	2					
" 30	Balance (gain) to Profit & Loss			16	12	4					
				£3	4	06			£3	4	06
					2	3					3

Dr				K KETTLEWELL				Cr			
19				£	s	d	19				
Sept 1	To Consignment	3	4	06	2	3	Sept 1	By Bills Receivable	3	4	06

Dr				BILLS RECEIVABLE ACCOUNT				Cr			
19				£	s	d	19				
Sept 1	To K Kettlewell	3	4	06	2	3	Oct 30	By Cash	3	3	07
							30	Difference on Ex- change (Loss)		48	19
				£3	4	06			£3	4	06
					2	3				2	3

Dr				CASH BOOK				Cr			
19				£	s	d	19				
Oct 30	To Bills Receivable	3	3	07	3	4	July 1	By Consignment (Freight & Chgs)	£	17	0
									15	9	

EXERCISE VII—No 6

B BAILEY'S LEDGER

Dr				JOINT VENTURE ACCOUNT				Cr			
19				£	s	d	19				
May 2	To Goods on Joint A/c	4	0	00			July 31	By L. Phipps (Gross proceeds)	4	8	96
2	Stock			75							
2	Expenses of Purchase (2% of £2 000)			40							
July 31	Expenses of Sale (3% of £4 896/18/2)			146	18	2					
31	L. Phipps (1/7 of £1 900)			271	15	4					
" 31	Balance to Profit and Loss			1	268	4					
				£4	8	96			£4	8	96
					18	2				18	2

Note £4 750 = $\frac{97}{100}$ of Sale Price of Goods Hence, to arrive at Gross Proceeds £4 750 must be multiplied by $\frac{100}{97}$

EXERCISE VII—No 7

SS 'QUELÉNIE'

NET REVENUE ACCOUNT

Cr

Dr

	£		s		d			£		s		d	
To Revenue Account No 5	By Revenue Account No 1	1,763	10	8			
Revenue Account No 8	Revenue Account No 2	1,942	16	7			
Balance	Revenue Account, No 3	2,148	3	10			
(distributable profit)	Revenue Account, No 4	3,730	14	4			
							Revenue Account, No 6	5,018	18	8			
							Revenue Account, No 7	2,345	6	7			
								£16,947	10	8			

Note—Each owner of part of ship will receive $\frac{1}{8}$ of £15,403½, that is, £240/14/7.

Dr

	£	s	d	£	s	d	£	s	d
To Port Expenses at K— Port Charges and Disbursements Cash to Captain Advances to Crew	752	10	11						
	42								
	68	13	4						
Port Expenses at L— Port Charges and Disbursements General Expenses General Average Charges Tobacco	1 225	15	6						
	47	2	5						
	690	3	8						
	7	2	6						
				2 226	4	1			
Port Expenses at M— Cash to Captain Port Charges and Disbursements Claims on Cargo Advances to Crew	110	2	7						
	375	19	9						
	94	1	10						
	45								
				623	4	2			
Port Expenses at N— Port Charges and Disbursements Cash to Captain Sundry Stores	37	15	4						
	25	14	4						
	11	3	9						
				74	13	5			
Port Expenses at O— Port Charges and Disbursements Advances to Crew Tobacco	298	18	8						
	25								
	4	11	7						
				327	10	3			
Total Port Expenses Outfit and Provisions Wages (less Forfeited Wages) Insurance Premiums— Fire and Disbursement Protection Indemnity Extra Insurance at N—				4 114	16	2			
				795	15	5			
				1 667	16	4			
	1 956	12	2						
	156	13	9						
	15	15							
				2 129	11				
Commiss on— Charterer's Management (2% of £13 247/9/8) Brokerage Profit on Voyage	786	17	3						
	264	10							
				1 051	16	3			
				72	5	6			
				3 248	4	4			
				£ 13 279	14	11			
							£ 13 279	14	11

By Freight earned—

K to L

L to M

M to N

N to O

Shippng Fees Received

Sale of Old Stores

EXERCISE VII—No 9

This is as Example on pages 235 and 236 of *Advanced Accounts* except that it uses double the figures employed in the Example

Dr. VOYAGE ACCOUNT OF SS "GLENISLA," FROM 27TH FEBRUARY, 19., TO 28TH APRIL, 19.. Cr.

	£	s	d	£	s	d	£	s	d	£	s	d
To Stores Accounts												
" Port Chgs. (trim ing Coal etc., Cardiff)				182	9	1				1,395	12	6
" Captain's Accounts for Harbour Wages etc. Cardiff				121	2	3				1,509	15	-
" Bunker Coal at per Engineers Receipt				64	7	6						
279 tons @ 9/-	125	11										
154 @ 8/11	68	18	5									
Discharging at Genoa				194	7	8						
" Agents Disbursements, Genoa				83	15	3						
" Deducted from freight remitted (each 27 22) lire 3012 80)				210	15	8						
" Captain's Expenses, Genoa				7	19							
" Stevedore at Agua Amarga for loading 3 600 tons Ore				352	10	-						
" Dispatch Money				273	13	4						
" Interest on Advances				10	19	9						
" Captain's Expenses				5	15	9						
" Agents' Accounts for Port Charges Agency, etc., exclusive of Address, Commission, and Brokerage (each 26 75) pesetas 2 584 88				110	16	9						
" Bunker Coals at Portland (20 tons @ 18/6)				18	10	-						
" Port Charges at Portland				3	2	-						
" Port Charges, Discharging and Dispatch Money at Barrow				423	7	6						
" Captain's Portage Bill				168	6	8						
" Overlooker's Expenses				4	5	-						
" Address Commission--												
2 % of £1,395/12/6	27	18	2									
2 1/2 % of £1,509/15/-	37	14	10									
" Brokerage--				65	13	-						
5 % of £1,395/12/6	69	15	7									
1/4 of 5 % of £1,509/15/-	25	3	3									
" Insurance Premium				94	18	10						
(2 mos. @ £1,952/16/8 p a)				323	8	5						
" Managing Owner's Commission (2 1/2 % per gross register ton p a)				48	1	3						
" Profit on Voyage				330	11	3						
				£5 928	12	8				£5 928	12	8
										2,905	7	6
										23	5	2
By Freight Earned--												
3 1/4 tons Coal @ 8/9 per ton												
3 600 Ore @ 8/3 per ton												
Brokerage (refunded) of £89/15/7)												

EXERCISE VII—No. 1

LINKLEY STEAM NAVIGATION CO

REVENUE ACCOUNT FOR THE HALF YEAR ENDED 31st MAY 19

	£	s	d	By Freights Earned	£	s	d
To Brokerage and Commission	1 073	5	5		75 616	14	4
Victualling	3 517	18	9				
Coals (in bunkers)	10 718	15	4				
Damages Repairs & Renewals	8 073	13	6				
Wages	7 569	11	10				
Port Chgs & Disbursements	4 329	7	3				
Directors Fees	625	15	6				
Interest on Mortgage	140	-	-				
Office Rents Rates & Taxes	557	13	9				
Accountancy Fees	120	10	6				
Loading and Dischg Exps	4 566	4	8				
Sundry Stores	1 015	17	5				
Printing and Stationery	785	3	10				
Engineering Charges	1 019	4	7				
Commission to Agents	75	13	9				
Depreciation—							
Steamers	5 208	10	6				
Balance (profit) to Net		-	9				
Revenue Account	26 217						
	£ 75 616	14	4		£ 75 616	14	4

NET REVENUE ACCOUNT									
Dr							Cr		
	£	s	d	£	s	d	£	s	d
To Underwriting Account (5% of £26 217 7/8) Management Commission (5% of £24 906/10 4) Balance to Balance Sheet							By Revenue Account		
				1	3	0			
				1	2	4			
				23	6	3			
	£			£					
							26	2	17
							7	9	

EXERCISE VII No 2

Dr		THE HANSARD ESTATE ACCOUNT						Cr		
19		£	s	d	19		£	s	d	
July 1	To Balance	3	175	6	2	Aug 20	By Sundry Debtors	7	30	
Aug 2	Insurance	1	65	6	6	Sept 25		6	25	
2	Commiss on		8	10						
2	Insurance		31	3						
2	Commiss on		3	-						
18	J Gray		173	15						
23	Smith		42	14						
Sept 20	Goods		537	6	2					
		£4	137		10		£1	355	18	3

Dr		J & W SHIRLEY						Cr		
19		£	s	d	19		£	s	d	
Aug 17	To Bills Payable	220	14		Sept 20	By Balance c/d	950	15		
17		170								
Sept 13		125								
20	Goods	440	1							
		£950	15				£950	15		
Sept 20	To Balance b/d	950	15							

EXERCISE VII—No 13

BALANCE SHEET

LIABILITIES				ASSETS			
Sundry Creditors	£	s	d	Cash	£	s	d
Capital Accounts—	6	000		Bills Receivable	18	700	
W James	2	050			7	800	
F Edwards	4	100					
Morrison & Co	8	200					
Peters & Son	6	150					
	£	26	500		£	26	500

EXERCISE VII No 13 (could)

JOURNAL ENTRIES

19.		£	s	d	£	s	d
	SS <i>End</i>	20,000	-	-			
	To Capital Accounts—						
	W James 1				2,000	-	-
	F. Edwards 2				4 000	-	-
	Morrison & Co 4				8 000	-	-
	Peters & Son 3				6,000	-	-
	Cargo Account	6,000	-	-			
	To Sundry Creditors				6,000	-	-
	Voyage Account	7 400	-	-			
	To Cargo				6,000	-	-
	" Cash				400	-	-
	(Insurances on—						
	Cargo, 1% of £7,000 70						
	SS <i>End</i> 1½% of £22 000 330)						
	" SS <i>End</i>				1,000	-	-
	Cargo (Net Proceeds of Sale thereof)	7,000	-	-			
	Cash (Freight Outwards)	100	-	-			
	(Homewards)	800	-	-			
	To Voyage Account				7 900	-	-
	Cash	19 000	-	-			
	Voyage Account	1,000	-	-			
	To SS <i>End</i>				20 000	-	-
	Sundry Debtors	7 800	-	-			
	To Cargo Account				7 000	-	-
	" Freights Earned (Homewards)				800	-	-
	Bills Receivable	7 800	-	-			
	To Sundry Debtors				7 800	-	-
	Voyage Account	500	-	-			
	To Capital Accounts—						
	W James 1				50	-	-
	F Edwards 2				100	-	-
	Morrison & Co 4				200	-	-
	Peters & Son 3				150	-	-
	£	77 400	-	-	77,400	-	-

EXERCISE VII—No 15 (contd)

LEDGER

Dr.			CONSIGNMENT ACCOUNT			Cr		
19			£	s	d	19		
Jan 1	To Goods on C/mnt	230	3			Mar 13	By Ardkash r & Byjamji	£ 329
	Cash	19	15	11				
Mar 13	Ardkashir & Byjamji	34	5	5				
13	" Bal to Profit and Loss	39	15	3				
		£329	-	-				£329 -

MESSRS ARDKASHIR & BYJAMJI

Dr.			CASH BOOK			Cr		
19			Rs	A	P	19		
Mar 13	To Sales	4 930	-			Mar 13	By Messrs Faudel Philpotts & Son— (For expenses as below)	Rs A P
							Landing Haulage etc.	18 - -
							Duty etc — 5%	246 12 -
							Bank Brokerage $\frac{1}{2}\%$	2 12 -
							By Faudel Philpotts & Son	4 420 12 -

EXERCISE VII—No 16

FORM OF ACCOUNT SALES

ACCOUNT SALES of 400 tons Iron ex S S *Dilwara* sold by B Ready of Capetown for the account and risk of W Smith London

400 tons Iron @ £4/10/ per ton	£	s	d	£	s	d
				1 800	-	-
Charges						
Disbursements	20	16	8			
Commission— $2\frac{1}{2}\%$ of £1 800	45	-	-			
				65	16	8
E & O E				£ 1 734	3	4
CAPETOWN						
20th February 19						
B READY						
Draft forwarded for £1 734/3/4						

EXERCISE VII—No 16 (contd)

FORM OF DRAFT (BANKER'S)

07812

THE BANK OF SOUTH AFRICA

L 27/8731

CAPETOWN, 20th February, 19..

To the CASHIERS of the BANK OF ENGLAND

On demand pay this FIRST of Exchange, second unpaid, to the order of W Smith, One Thousand seven hundred and thirty-four pounds three shillings and fourpence Sterling, for value received

For the BANK OF
SOUTH AFRICA

STAMP
2D

Manager

£1,734 3 4

Accountant

W SMITH'S LEDGER

Dr

CONSIGNMENT ACCOUNT

Cr

19		£	s	d	19		£	s	d
Jan 1	To 300 tons Iron @ £4 a ton	2,000	-	-	Feb 20	By B Ready (400 tons) (Iron @ £4½ a ton)	1,800	-	-
1	By B Ready (charges)	20	16	8	"	100 tons Iron @ £4 a ton	400	-	-
Feb 20	By B Ready (2½% of £1,800)	45	-	-					
20	By Bal to Profit and Loss	134	3	4					
		£2,200					£2,200		

Dr

B READY

Cr

19		£	s	d	19		£	s	d
Feb 20	To Consignment	1,800	-	-	Feb 20	By Consignment (charges)	20	16	8
					" 20	By Consignment (Commission)	45	-	-
					" 20	By Balance c/d	1,734	3	4
		£1,800					£1,800		
Feb 20	To Balance b/d	£1,734	3	4	Feb 20	By Cash	£1,734	3	4

EXERCISE VII No 17

JOURNAL ENTRIES

		£	s	d	£	s	d
19 Dec 20	Joint Account To W A Sims For 159 cases of shells shipped by W A Sims per S S <i>Ajax</i> for sale of Joint Account	299	1	-	299	1	-
19 Feb 4	W A Sims To Bills Payable For bill accepted (No 319) presented by Chartered Bank	299	1	-	299	1	-
Mar 10	Watts & Co To Joint Account For sale of shells by Watts & Co at auction	366	8	-	366	8	-
" 10	Joint Account To Watts & Co For commission charged by Watts & Co	9	3	2	9	3	2
26	Joint Account To Commission	9	16	1	9	16	1
26	W A Sims To Joint Account For transfer of share of loss on venture	5	3	7	5	3	7
		£988	12	10	£988	12	10

MESSRS BURT & CO S LEDGER

Dr

JOINT ACCOUNT

Cr

		£	s	d		£	s	d
19 Dec 20	To W A Sims	299	1	-	19 Mar 10	By Watts & Co	366	8
19 Feb 4	Cash	83	7	6	20	Cash	30	-
Mar 14	Watts & Co	9	3	2	26	W A Sims	5	3
24	Cash	7	6	-		Bal to Profit and Loss	5	3
" 26	Commission	9	16	1				
		£411	15	3			£411	15

EXERCISE VI. No 18 (contd)

CAPITAL ACCOUNT

Dr				EDWARD THOMPSON				Cr			
19 Dec 31	To C sh	£	s	d	19 May 1	By Cash	£	s	d	19 Dec 31	By Cash
		1 000				Jo t Account	1 000				Jo t Account
		200				(share of profit on venture)	200				(share of profit on venture)
		£1 200					£1 200				

EXERCISE VII—No 19

J M s BOOKS

JOURNAL

		£	s	d	£	s	d
Consignment	Dr	1 200					
To Goods on Consignment	Cr				1 200		
Bills Receivable	Dr	1 000					
To L R	Cr				1 000		
L R	Dr	1 700					
To Consignment	Cr				1 700		
Consignment	Dr	85					
To L R	Cr				85		
		£3 985			£3 985		

CASH BOOK

(Credit Side)

				£				£			
				s				s			
By Consignment (Expenses)								£50			

LEDGER

Dr				CONSIGNMENT ACCOUNT				Cr			
To Goods on Consignment				£	s	d		By L R			
to L R				1 200				1 700			
Cash (Charges)				50							
L R's Expenses and				85							
Commission				35							
Balance profit				£1 700				£1 700			

EXERCISE VII—No 19 (contd)

Dr	L R.				Cr		
To Consignment	£	s	d	By Bills Receivable	£	s	d
	1,700	-	-	" Consignment	1,000	-	-
				" Balance c/d	85	-	-
					615	-	-
	£1,700	-	-		£1,700	-	-
To Balance b/d							
	615	-	-				

L R's BOOKS

JOURNAL

J M To Bills Payable	£ 1,000	s -	d -	£ 1,000	s -	d -
Sundry Debtors To J M	1,700	s -	d -	1,700	s -	d -
J M To Commission	85	s -	d -	85	s -	d -
	£ 2,785	s -	d -	£ 2,785	s -	d -

LEDGER

Dr		J M			Cr			
To Commission	£ 85	s -	d -		By Sundry Debtors	£ 1 700	s -	d -
Bills Payable	1,000	-	-					
Balance c/d	615	-	-					
	£1 700	-	-			£1 700	-	-
					By Balance b/d	£615	-	-

EXERCISE VII—No 20

ACCOUNT SALES OF GOODS SOLD BY MR J ROWLAND DURBAN
S A FOR THE ACCOUNT AND RISK OF MESSRS ROBT PRENTICE & CO
LTD

	£	s	d	£	s	d
Sales				576	4	6
Value realized by Compensation under Surveyor's Certificate				10	16	3
				£587	-	9
<i>Charges etc</i>						
Wharf Charges	4	7	8			
Duty on £945 16s 6d @ 22½%	212	16	2			
Commission on £587 0s 9d @ 7½%	44	0	6			
				261	4	4
				£325	16	5

E & O E

Sight Draft for £325 16s 5d herewith
Durban S A
June 30th 19

LEDGER

Dr

MESSRS ROBT PRENTICE & CO LTD

Cr

	£	s	d		£	s	d
19 May				19 May 16	By Cash	4	50
June 30	To Wharf Charges	4	7 8	May 31	R Edwards	242	12 9
" 30	Duty	212	16 2	June 9	K Lane	194	16 5
" 30	Commission	44	- 6	24	D Carden	88	15 4
" 30	Bills Payable	325	16 5	24	Compensation	10	16 3
						£587	- 9

EXERCISE VII—No 21

The credit balance of the Debenture Redemption Fund Account of £41 645 should be transferred to a Capital Reserve and will be available for distribution as profit

EXERCISE VII—No. 22.

Dr		CAPITAL ACCOUNT						Cr	
19 Jan-Dec Dec. 31	To Cash Balance c/d	£ 1 500 1,896	s - 14	d - 10	19 Dec. 31 19 Dec. 31	By Balance Profit and Loss	£ 2,206 1,190	s 14 -	d 10 -
		(3,396)	14	10			(3,396)	14	10
					19 Dec. 31	By Balance b/d	1 896	14	10

Dr		WOOL ETC., ACCOUNT						Cr	
19 Dec. 31 19 Dec. 31 19 Dec. 31	To Balance Interest on Advances Profit and Loss	£ 45 200 950 3 850	s - - -	d - - -	19 Jan-Dec.	By Cash (Proceeds year's Sales)	£ 50,000	s -	d -
		£ 50,000	-	-			£ 50 000	-	-

Dr		ADVANCES ON WOOL ETC., ACCOUNT						Cr	
19 Jan-Dec Dec. 31	To Cash (Loan repaid) Cash (Interest)	£ 39 000 950	s - -	d - -	19 Dec. 31 19 Dec. 31	By Balance Wool, etc. account (Interest due)	£ 39,000 950	s -	d -
		£ 39 950	-	-			£ 39 950	-	-

Dr		EXPORT TRADE ACCOUNT						Cr	
19 Jan-Dec " " " "	To Sundry Creditors (Goods purchased) Cash (Freight) Cash (Insurance) Profit and Loss	£ 24,000 2 760 250 1 190	s - - -	d - - -	19 Jan-Dec.	By Export Agents Goods (unsold) c/d	£ 22 500 5,700	s -	d -
		£ 29 200	-	-			£ 28 200	-	-
Dec. 31	To Balance b/d (unsold Stock)	5,700	-	-					

Dr		EXPORT AGENTS						Cr	
19 Jan-Dec.	To Export Trade A/c	£ 22,500	s -	d -	19 Jan-Dec. Dec. 31	By Bills Receivable Balance c/d	£ 21 000 1,500	s -	d -
		£ 22,500	-	-			£ 22 500	-	-
Dec. 31	To Balance b/d	1,500	-	-					

EXERCISE VII—No 22 (contd)

Dr **CONSIGNMENT ACCOUNT** *Cr*
(AUSTRALIAN)

		£	s	d			£	s	d
19 Dec 31	To Balance	10 000	-	-	19 Jan Dec.	By Cash	9 350	-	-
19 Dec 31	Interest on Advances	400	-	-	19 Dec 31	(Net proceeds of Sales for year)	1 050	-	-
		£ 10 400	-	-		Profit and Loss	10 400	-	-

Dr **BANK OF AUSTRALIA** *Cr*

		£	s	d			£	s	d
19 Jan Dec	To Cash	8 000	-	-	19 Dec 31	By Balance	8 000	-	-
19 Dec 31	(Loan repaid)				19 Dec 31	Consignment	400	-	-
	Cash (Interest)	400	-	-		(Interest due)			
		£ 8 400	-	-			£ 8 400	-	-

Dr **SUNDRY CREDITORS** *Cr*

		£	s	d			£	s	d
19 Jan Dec	To Bills Payable	23 000	-	-	19 Dec 31	By Balance	3 500	-	-
19 Dec 31	Cash	1 500	-	-	19 Jan Dec	Export Trade	24 000	-	-
	Balance c/d	6 000	-	-			£ 27 500	-	-
		£ 27 500	-	-	19 Dec 31	By Balance b/d	6 000	-	-

Dr **BILLS RECEIVABLE ACCOUNT** *Cr*

		£	s	d			£	s	d
19 Dec 31	To Balance	3 250	-	-	19 Jan Dec	By Cash	7 500	-	-
19 Jan Dec	Export Agents	21 000	-	-	19 Dec 31	(Bills matured)	15 000	-	-
						Cash (Bills discounted)	1 750	-	-
		£ 24 250	-	-		Balance c/d	24 250	-	-
19 Dec 31	To Balance b/d	1 750	-	-					

EXERCISE VII—No. 22 (contd.).

Dr		BILLS PAYABLE ACCOUNT				Cr			
19 Jan.-Dec. Dec. 31	To Cash " Balance c/d .	£ 24,000 3,500	s - -	d - -	19 Dec. 31 19 Jan.-Dec. Dec. 31	By Balance " Sundry Creditors By Balance b/d .	£ 7,500 20,000 27,500 3,500	s - - - -	d - - - -
		£ 27,500	-	-					

OFFICE EXPENSES, SALARIES, AND RENT									
Dr		ACCOUNT						Cr.	
19		£	s	d	19		£	s	d
Jan.-Dec.	To Cash	2,350	-	-	Dec. 31	By Profit and Loss	2,350	-	-

Dr		INTEREST ACCOUNT						Cr	
19 Jan.-Dec.	To Discounting Bills of Exchange	£	s	d	19 Dec. 31	By Profit and Loss A/c .	£	s	d
		450	-	-			450	-	-

Dr		CASH BOOK (BANK COLUMN)				Cr			
19 Dec. 31 19 Jan. Dec. " "	To Balance " Bills Receivable Bills Receivable (Discounted) " Wool, etc., A/c Consignment A/c (Australian)	£ 1,106 7,500 15,000 10,000 9,300	s 14 - - -	d 10 - - -	19 Jan. Dec. " " " " " " Dec. 31	By Export Trade A/c Freight £2,760 Insurance 250 " Sundry Creditors Bills Payable Interest Charged by Bankers for Discounting Bills Advances on Wool etc. A/c Do. (Interest) " Bank of Australia (including int.) Office Exps., etc. " Drawings Balance c/d	£ 3,010 1,500 24,000 450 39,000 950 8,400 2,350 1,500 2,446	s - - - - - - - - - 14	d - - - - - - - - - 10
		£ 53,606	14	10			£ 53,606	14	10
Dec. 21	To Balance c/d	2,446	14	-					

EXERCISE VII—No 22 (cont'd)

Dr	TRIAL BALANCE			Cr
	£	s	d	£ s d
Export Trade	4 510			Capital 706 14 10
Export Agents	1 500			Wool etc 3 850 -
Consignment (Australia)	1 050			Sundry Creditors 6 000
Interest	450			Bills Payable 3 500
Bills Receivable	1 750			
Office Expenses etc	2 350			
Cash at Bank	2 446	14	10	
	£ 14 056	14	10	£ 14 056 14 10

PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 31ST DECEMBER 19

Cr

Dr	£	s	d	Cr	£	s	d
To Expenses etc	2 350			By Wool etc	3 850		
Interest Account	450			Export Trade	1 190		
Cons/m't (Australia)	1 050						
Capital Account	1 190						
	£5 040				£5 040		

BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES	£	s	d	ASSETS	£	s	d
Bills Payable	3 500			Bills Receivable	1 750		
Sundry Creditors	6 000			Export Agents	1 500		
Capital	1 896	14	10	Export Trade (Stock unsold)	5 700		
				Cash at Bank	2 446	14	10
	£ 11 396	14	10		£ 11 396	14	10

EXERCISE VII—No 23

GEORGE HARGREAVES

Dr GRAVEL PIT WORKING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19.. Cr

	£	s	d		£	s	d
To Rent (1 year)					196		
" Wages	247			By Sales of Gravel			
" Coal and Coke	20	5	5	(1 568 Loads @ 2/6 per load)			
" Implements	43	15	6	Gravel used on Contract	230	8	
" Sundries	11	11	1	(2,304 Loads @ 2/- per load)			
" Carting 2 304 Loads @ 4½ a load	43	4					
" Proportion of Equipment (24th of £552)	23						
" Interest Charged on Equipment	27	12					
(5% of £552)							
	£426	8			£426	8	

EXERCISE VII No 24

RHODES JOURNAL

19		£	s	d	£	s	d
	John James To Sales Value of invoice £367½ less 7½% (£27/11/3)	339	18		339	18	-
	John James To Discount 4% of £169/19/4 for 3 mos To Commission 1% of £169/19/4	3	8		1	14	-
	Bills Receivable To John James Bill drawn at 3 mos	173	7	4	173	7	4
	John James To Bills Receivable Withdrawal of original bill	173	7	4	173	7	4
	John James To Discount 6% of £123/17/4 for 3 mos To Commission 30% of £123/17/4	3	14		1	17	-
	Bills Receivable To John James For bill drawn @ 3 mos	127	1	4	127	1	4
		£820	16		£820	16	-

RHODES CASH BOOK
(DEBIT SIDE)

19		£	s	d
	To John James	169	19	3
	John James	50		-

LEDGER

Dr

JOHN JAMES

Cr

19		£	s	d	19		£	s	d
	To Sales	339	18	9		By Cash	169	19	3
	Discount	1	14			Bills Receivable	173	7	4
	Commission	1	14			Cash	50		
	Bills Receivable	173	7	4		Bills Receivable	127	1	4
	Discount	1	17						
	Commission	1	17						

EXERCISE VII - No 25

ACCOUNT SALLS of 125 Tons of STEEL BARS *ex SS Tantallan Castle*,
 sold by MESSRS MURRAY & Co Sydney for account and risk of
 Midland Steel Co England

19.		£	s	d.	£	s	d.
	25 tons Steel Bars @ £10 per ton				250	-	-
	30 " " @ £9/10/- "				285	-	-
	30 " " @ £9/5/- "				277	10	-
	40 " " @ £9 "				360	-	-
					1 172	10	-
	<i>Charges</i>						
	Landing Charges	15	-	-			
	Carting Charges.	10	-	-			
	Warehousing	6	-	-			
	Insurance	1	-	-			
	Advertising	5	-	-			
	Commission i.e. 5% of £1,172/10/-	58	12	6	95	12	6
	E & O E				£1,076	17	6

30 days' sight draft for £1,076/17/6 herewith.

MURRAY & Co,

July 1, 19..

Sydney

EXERCISE VII—No 26

LEWIS & CO S JOURNAL

19		£ s d			£ s d		
		£	s	d	£	s	d
	Armstrong & Sons To Sales Account For value of goods plus freight insurance etc etc sent to Messrs Armstrong & Sons of Iquique and agreeing to particulars of invoice	1 124	-		1 124	-	
	Bills Receivable To Armstrong & Sons Bill drawn on Armstrong & Sons for value of invoice	1 124	-		1 124	-	
	Bank Account To Bankers Advance Account For advance from bankers on security of documents relating to sales and bills drawn on Armstrong & Sons	650	-		650	-	
	Bank Account To Armstrong & Sons For receipt from Armstrong & Sons of half value of bill	562			562		
	Armstrong & Sons To Bills Receivable For withdrawal of original bill	1 124	-		1 124	-	
	Bills Receivable To Armstrong & Sons For new bill for half value of original bill plus interest at 6% for 6 months on amount	578	17	2	578	17	2
	Armstrong & Sons To Interest For charge of interest for 6 months at 6% on amount of bill	16	17	2	16	17	2
	Bankers Advance Account To Bank For repayment of loan	650	-		650	-	
	Bank Account To Bills Receivable For Messrs Armstrong & Sons advance duly honoured	578	17	2	578	17	2
		£6 408	11	6	£6 408	11	6

EXERCISE VII—No. 26 (contd)

ARMSTRONG & SONS' JOURNAL

19 .		£	s	d	£	s	d
	Purchases Account To Lewis & Co For purchases from Lewis & Co, in- cluding freight, insurance, etc, etc, as per invoice	1,124	-	-	1,124	-	-
	Lewis & Co To Bills Payable For our acceptance of Lewis & Co's draft on us for value of goods as per invoice	1,124	-	-	1,124	-	-
	Lewis & Co To Bank For remittance to them of half value of bill	562	-	-	562	-	-
	Bills Payable To Lewis & Co For withdrawal of original bill	1,124	-	-	1,124	-	-
	Lewis & Co To Bills Payable For new bill for half value of with- drawn bill plus interest at 6% for 6 months on amount of bill	578	17	2	578	17	2
	Interest Account To Lewis & Co For their charge of interest on amount of bill at 6% for 6 months	16	17	2	16	17	2
	Bills Payable To Bank For payment of bill at maturity	578	17	2	578	17	2
		£5 108	11	6	£5,108	11	6

EXERCISE VII—No 27

ACCOUNT SALES OF 65 CASKS OF PURE LARD ex SS *Rameses* sold by
Messrs Stephens & Sons of London on account and risk of Messrs
Williams & Co of New York

		£	s	d	£	s	d
A 1	65 casks Fine Lard—						
	Gross weight	185	0				
	Tare	28	2				
	Net weight	156	2				
	@ 42s 6d per cwt				332	11	2
	<i>Charges</i>						
	Freight	15	10	8			
	Marine Insurance—£350 @ 2½% (including Stamp 1/-)	4	8	6			
	Customs Dues		10	6			
	Unloading Weighing etc	5	12	6			
	Expenses of Sale	7	10	8			
	Fire Insurance	13	13				
	Brokerage (7½% of £332/11 3)	24	18	10			
	Commission (3% of £332/11/3)	9	19	6			
					77	14	2
					£254	17	1
E & O D	Messrs Stephens & Sons LONDON						

EXERCISE VII—No 28

R. RIGHTON'S LEDGER

Dr

CONSIGNMENT INWARDS ACCOUNT

Cr

19		£	s	d	19		£	s	d
	To L. Atteck (600 barrels Flour @ 19 3)	577	10			By Sundry Debtors (375 barrels Flour @ 27/3)	442	16	3
	Cash	43	19	4		Sundry Debtors (275 barrels Flour @ 26 2)	358	10	10
	Commission (7½% of £802/12/1)	20	1	4					
	L. Atteck	161	1	5		Total Sales	£802	12	1
		£802	12	1					

EXERCISE VII--No. 28 (contd.)

Dr.		L AFFLECK			Cr				
19	To Cash	£	s	d	19	By Consignment Inwards	£	s	d
		738	11	5			577	10	-
							161	1	5
		£738	11	5			£738	11	5

Dr		CASH BOOK				Cr		
				19	By Consignment Inwards	£	s	d
					Freight	27	10	-
					Insurance	7	15	6
					Storage	8	13	10
					" L. Affleck	738	11	5

EXERCISE VII--No. 29

W WILLIAMS' LEDGER

Dr		CONSIGNMENT ACCOUNT					Cr		
19		£	s	d.	19		£	s	d.
Mar 1	To Goods on C/mnt	2 580	7	6	May 1	By S Seigfried	3 312	19	6
	" Cash	120							
July 4	" Loss on Exchange	56	19	7					
	" Balance (gain) to Profit and Loss	155	12	5					
		£3,312	19	6			£3,312	19	6

Dr.		S SEIGFRIED					Cr		
19 May 1	To Consignment	£	s	d	19 May 1	By Bills Receivable	£	s	d
		3,312	19	6			3,312	19	6

Dr		BILLS RECEIVABLE ACCOUNT				Cr			
19		£	s	d	19		£	s	d
May 1	To S Seigfried .	3,312	19	6	July 4	By Cash	3,255	19	11
						Loss on Exchange	56	19	7
		£3,312	19	6			£3,312	19	6

Dr		CASH BOOK						Cr		
19 July 4	To Bills Receivable .	£	s	d	19 Mar 1	By Consignment— (Carriage Freight, &c.)	£	s	d	
		3	25	11			120	-	-	

EXERCISE VII—No 29 (contd)

W WILLIAMS JOURNAL

		£	s	d	£	s	d
19 Mar 1	Consignment Account To Goods on Consignment <i>For consignment of 1 055 tons of iron @ 56s 6d per ton to S Seigfried of Hamburg</i>	2 980	7	6	2 980	7	6
May 1	S Seigfried To Consignment For value of sales less expenses as per Account Sales i.e.— Gross proceeds 69 420 marks Expenses 1 425 marks Commission 1 735 50 3 160 50 NET proceeds <u>66 259 50</u> 66 259 50 marks @ 1/- = £3 312/19/6	3 312	19	6	3 312	19	6
" 1	Bills Receivable To S Seigfried For acceptance at 2 months for amount as above	3 312	19	6	3 312	19	6
July 4	Loss on Exchange To Bills Receivable For loss on rate of exchange at due date i.e. 66 259 50 marks @ 20 35 whereas bill was made out @ 20 00	56	19	7	56	19	7
" 4	Consignment Account To Loss on Exchange For transfer of loss	56	19	7	56	19	7
		£9 720	5	8	£9 720	5	8

EXERCISE VII—No 30.

D_r Cr

ROBSON & DAY'S JOINT VENTURE ACCOUNT

Date	Particulars	Amount	Days	Pro ducts	Date	Particulars	Amount	Days	Pro ducts
19 Jan 5	To Locomotive	£ 620	298	£ 196 100	19 June 28	By Locomotive	£ 710	94	£ 66,740
" 15	" Carriage	15	258	3,470	" 3	" 520 tons Rails @ £2/10/- per ton	1,820	27	49,140
Mar 18	" Storage	1	186	202	" 15	" 2 Cranes (price of each not given)	125	15	1,875
" 21	" Insurance	12	193	103	" 30	" Balance of 1 products			207,498
June 4	" Repairs	12	118	1,410					
July 4	" 520 tons Rails @ £2/5/- x ton	1,680	88	148,720					
July 27	" Landing Charges	30	65	1,950					
Aug 28	" Storage	3	53	152					
Sept 8	" 2 Cranes @ £35 each	110	22	2,420					
" 30	" Balance of Int $\left(\frac{207,498 \times 10}{73,000} \right)$	28	6	325,253					£ 125,253
" 30	" Balance c/d	143	9						
		£2,855					£2,855		
Sept 30	To R. Robson's Share of Profit on Venture	71	14	9	Sept 30	By Balance b/d	143	9	6
"	" D. Day's Share of Profit on Venture	71	14	9					
		£143	9	6			£143	9	6

JOINT VENTURE IN R ROBSON'S BOOKS

Dr

Cr

Date	Particulars	Amount	Days	Pro ducts	Date	Particulars	Amount	Days	Pro ducts
19 Jan 5	To Locomotive	£ 620	268	£ 166 160	19 Sept 30	By 2 Cranes (price of each not given)	£ 120	13	£ 1 875
15 Jan 15	Carriage	15	258	3 870	30 Sept 30	Balance of Products due from D Day	748 18 3		1 72 637
17 27	Landing Charges	90	65	1 940					
28 Aug 4	Storage	3 10 6	33	1 132					
8 Sept 8	2 Cranes @ £55 each	110	27	2 430					
30	Balance of Int $\left(\frac{172 637 \times 10}{73 000}\right)$	23 13		£ 174 532					£ 174 532
30	Share of Profit on Venture	71 14 9							
		£ 873 18 3					£ 873 18 3		

Dr

JOINT VENTURE IN D DAYS BOOKS

Cr

Date	Particulars	Amount	Days	Pro ducts	Date	Particulars	Amount	Days	Pro ducts
19 Mar 18	To Storage	£ 1 10 6	196	£ 392	19 Sept 0	By Locomotive	£ 710	94	£ 66 740
21 Jun 4	Insurance	12 6 8	183	1 934		520 tons Rails @ £3/10/- per ton	1 523	27	49 140
4 July 4	Repairs	12 8 6	113	1 416		Balance of Products			34 841
	520 tons Rails @ £3/5 a ton	1 620	88	1 48 720					
30 Sept 30	Balance of Int $\left(\frac{34 841 \times 10}{73 000}\right)$	4 15 6		£ 150 721					£ 150 721
30	Share of Profit on Venture	71 14 9							
30	Balance due to R Robson	748 18 3					£ 2 530		
		£ 2 530							

EXERCISE VIII—No. 1.

For the definition of an Account Current, see *Advanced Accounts* (p. 247).

MARSHALL & CO

Dr	IN ACCOUNT CURRENT WITH YEADON & CO	Cr
	1890	
	Jan 1 Balance forward	100 00
	Feb 10 To Cash	50 00
	Mar 10 To Cash	75 00
	Apr 10 To Cash	100 00
	May 10 To Cash	125 00
	Jun 10 To Cash	150 00
	Jul 10 To Cash	175 00
	Aug 10 To Cash	200 00
	Sep 10 To Cash	225 00
	Oct 10 To Cash	250 00
	Nov 10 To Cash	275 00
	Dec 10 To Cash	300 00
	Total	2,000 00
	1891	
	Jan 1 Balance forward	100 00
	Feb 10 To Cash	50 00
	Mar 10 To Cash	75 00
	Apr 10 To Cash	100 00
	May 10 To Cash	125 00
	Jun 10 To Cash	150 00
	Jul 10 To Cash	175 00
	Aug 10 To Cash	200 00
	Sep 10 To Cash	225 00
	Oct 10 To Cash	250 00
	Nov 10 To Cash	275 00
	Dec 10 To Cash	300 00
	Total	2,000 00

Date.	Particulars	Mth	Amounts			Date	Particulars	Mth	Amounts					
			Int	£	s				Int	£	s			
19 Jan 1	To Goods— due Mar 1			£	5	d	19 Feb 1	By Cash	5	£	2	1	8	100
Apr 1	Cash	3	3	6	8	200	Mar 1	Goods— due May 1	2	4	3	4	500	
June 30	Goods					300	May 1	Goods— due May 1	2	1	13	4	200	
"	Interest					7 1/2	June 30	" Interest					7 1/2	
"	Balance c/d					£ 89 1/2	June 30	By Balance c/d					£ 89 1/2	
E & O E.							Low Nov—1st July	YEA	D	O	N		& Co.	

EXERCISE VIII—No. 2

TRUMPER & CO., MELBOURNE

Dr IN ACCOUNT CURRENT WITH ROBERTSON & Co Cr

Date	Particulars	Amount	Dys.	Prods.	Date	Particulars	Amount	Dys.	Prods.
Dec 31 19	To Balance	£ 500	s - d -	120 0 0	Apr 10	By Bank Draft " Balance of Products	£ 600	s - d -	20 12,000
Jan 7	, Goods	300	-	113 33 900	30	, Balance c/d	561 10 6		84,150
Apr 15	, Freight etc	150		2 2 00	30				
" 30	Bal of Int	11 10 6							
		[961 10 6]		105 1 10			[961 10 6]		£ 96 150
Apr. 30 E & A	To Balance b/d O E	361 10 6			LONDON—30th Apr }	Rossiter, Son & Co.			

Dr CHARLES DAWSON IN ACCOUNT CURRENT WITH ALFRED BROWN Cr

Date	Particulars	Due Date	Amount	Days	Pro ducts	Particulars	Date	Amount	Days	Pro ducts
19 Jan 17	To Goods	Feb 1	£ 200	121	£ 24 200	By Cash	Feb 1	£ 50	121	£ 6 080
Apr 1	Cash	Apr 1	200	61	12 200	Goods	Apr 1	300	61	18 300
May 10	Goods	June 1	100			Balance of Products	May 1	180	31	4 650
June 1	Balance of Interest		1	4		Balance c/d		21	4	7 400
	($7\ 400 \times 12$)		£ 1		£ 84 400			£ 521		£ 33 470
June 1	To Balance b/d		21	4						

12

EXERCISE VIII No 4

Dr P PARKER IN ACCOUNT CURRENT WITH T TONGS Cr

Date	Particulars	Due Date	Amount	Days	Pro ducts	Particulars	Date	Amount	Days	Pro ducts
19 July 3	To Goods	Oct 12	£ 175	181	£ 31 836	By Cash	Aug 14	75	139	£ 10 5 4
Sept 10	By Cash	Oct 12	1 5	60	10 000	Goods	Sept 8	319	114	46 480
Oct 15	Cash	Nov 30	8	77	7 502	Balance of Products	Nov 9	65	32	3 432
Nov 30	Goods	Nov 30	138	31	4 278	Balance c/d	Dec 31	167	11	1 817
Dec 31	Int or Bal of Products		115	31	3 596			2	13	4 809
	($4\ 809 \times 10$)		£ 1		£ 57 120			£ 1		£ 57 120
Dec 31	To Balance b/d		22	13						

EXERCISE VIII—No 9

M GOODMAN IN ACCOUNT CURRENT WITH M BRESSLOFF

Cr

Dr		Particulars		Due Date	Amount	Days	Pro-ducts	Date	Particulars	Due Date	Amount	Days	Pro-ducts
19	Jan 12	To Goods		Mar 12	£ 420	110	£ 46,310	19	By Cash	Mar 10	£ 250	112	£ 28,000
	Feb 15	"		Apr 15	358	78	27,658		"	Apr 10	150	81	12,150
	Mar 21	"		May 21	238	40	9,580		"	May 6	240	55	13,750
	Apr 10	"		June 10	127	20	2,540		"	June 15	340	15	5,250
	June 30	Balance of Interest		"	3	1			"	"	146	14	28,316
		(28 316 × 10 / 73 000)							"	"	146	14	
	June 30	To Balance b/d			£ 1,146	14	£ 85,466		"	"	£ 1,146	14	£ 85,466
					146	14							

EXERCISE VIII—No 10

C CEDAR IN ACCOUNT CURRENT WITH J. HUGHES

Cr

Dr		Particulars		Due Date	Amount	Days	Pro-ducts	Date	Particulars	Due Date	Amount	Days	Pro-ducts
19	Jan 1	To Balance		Jan 1	£ 287	5	£ 43,488	19	By Net Proceeds A/S of Cotton	Feb 28	£ 865	13	£ 88,872
	Jan 26	" Cash		Apr 26	50	7	6,250		" Net Proceeds A/S of Cotton	May 31	1,017	2	4,500
	Feb 8	" Acceptances		Feb 25	500	15	23,000		" Int as conventional fig	" 31			4,908
	Feb 23	" Cash		Apr 8	125	8	11,970		" Balance of Products	" 31			
	Apr 6	" Acceptance		June 8	500	8	4,600						
	Apr 11	" Cash		Apr 11	120	15	6,040						
	May 31	"		May 11	225	20	4,520						
	" 31	"		" 31		5							
	" 31	"		" 31	172	4							
	" 31	"		" 31	£ 1,982	8	£ 98,278		By Balance b/d	May 31	£ 1,982	18	£ 98,278
											172	4	

EXERCISE VIII No 11

FLOWERS & CO S LEDGER

Dr SIDE

J STEVART S DRAWINGS ACCOUNT

Date	Particulars	Amount			Days	Products
		£	s	d		£
19						
Jan 15	To Cash	35			350	12 250
Feb 20		45			314	14 130
Mar 18		35			288	10 080
Apr 20		25			255	6 375
May 13		26			237	6 032
June 15		15			199	2 985
July 20		42			164	6 888
Aug 17		34			136	4 624
Sept 21		32			101	3 232
Oct 14		28			78	2 184
Nov 18		35			43	1 505
Dec 21		38			10	380
31	Interest $\left(\frac{70\ 600 \times 10}{73\ 000}\right)$	9	13	7		
		£399	13	7		£70 665

EXERCISE VIII—No 12

Cr.

L LOCKE IN ACCOUNT CURRENT WITH K KAY

Dr.

Date	Particulars	Due Date	Amount	Days	Pro ducts	Date	Particulars	Due Date	Amount	Days	Pro ducts
19 Jan 1	To Balance	Jan 1	£ 125	3	11 340	19 Feb 10	By Cash	Feb 10	£ 70	—	—
Feb 12	Goods	Feb 12	62	6	2 961	Mar 5	By/E	Mar 18	61	—	—
Mar 31	" Balance of Interest ($\frac{9\ 610 \times 10}{73\ 000}$)	Mar 31	1	4		Mar 21	Expenses	Mar 21	15	3	416
						"	Postages	"	12	6	—
						"	Commission	"	1	6	—
						"	" Balance of Products	"	2	6	—
						"	" Balance c/d	"	5	10	9 610
			£189	12	1				£189	12	1
											£14 301

EXERCISE VIII—No 13

Cr

Dr N NEWTON, MANCHESTER, IN ACCOUNT CURRENT WITH O OLDHAM, BOMBAY

Dr

Date	Particulars	Due Date	Amount	Days	Pro ducts	Date	Particulars	Due Date	Amount	Days	Pro ducts
19 Jan 27	To Net Proceeds of A/S of Cotton	Mar 15	£ 1 617	8	119 732	19 Jan 22	By Balance	Jan 22	£ 53	2	11
May 24	" Net Proceeds of A/S of Cotton	June 15	606	8	100,506	" 22	" Cash	Mar 5	27	16	4
						" 25	" Acceptance	Mar 12	250	—	—
						Feb 12	" Cash	Mar 31	106	12	6
						Feb 28	" Acceptance	May 3	230	—	—
						Mar 31	" Cash	May 3	250	—	—
						Apr 11	"	May 11	152	3	11
						May 13	"	May 13	236	12	10
						June 30	" Bal. of Principal (A) and Interest (B)	Apr 11	8	14	11
						" 30	" Balance c/d	May 13	188	13	11
											of Pro ducts
									£2 223	17	4
											£220 128
June 30	To Balance b/d		£2 223	4							
			188	13	11						

(A) Balance of Principal = £2,223 less £2 026 = £197 To reduce to figure in Products column, Multiply £197 by 181, wh ch = 35 657

(B) Balance of Interest = £814/11 arrived at as follows $\left(\frac{69\ 831 \times 10}{73\ 000} \right)$

EXERCISE VIII—No 14

AVERAGE DUE DATES

ZERO DATES

Date	Item	Amount			Days	Products	JUNE 5		SEPTEMBER 18		AUGUST '00	
							Days	Products	Days	Products	Days	Products
19 June 5	Goods	£ 728	s 16	d 2		£			105	£ 76 335	82	£ 90 614
July 12		979	17	8	37	30 260	68	66 640	45	44 100		
Aug 26	"	1 127	3	11	82	92 414	23	23 921	—	103 714		
Sept 18	"	359	8	6	105	37 695			23	5 257		
		£3 193	6	3		£166 369		£168 896		£95 457		

June 5th + 52 days gives 27th July

Sept 18th 53 days gives 27th July

Aug 26th 30 days gives 27th July

EXERCISE VIII—No 15

Date	Item	Amount			Days	Products
19 June 5	Goods . . .	£ 355	s 9	d 10	Zero	£
8 "	" . . .	466	16	8	33	Date 15 411
Sept 11	" . . .	229	14	7	98	22 540
(1 052 d	divided into 37 951 gives 36 dys	£1 052	1	1		£37 951
June 5 + 36 days	gives July 11)					

EXERCISE VIII—No 16

AVERAGE DUF DATT'S

Date	Item	Amount			Days	Pro- ducts.
19		£	s	d		£
Feb 15	Goods	375	2	9	Zero	Date
Mar 15	"	268	16	6	28	7,532
Apr 15	"	349	14	4	59	20,650
" "	"	186	3	7	59	10,974
(1,180 divided into 39 156 gives 33 days		£1,179	17	2		£39,156
∴ Feb 15	15 + 33 days + 6 mos gives Sept 20)					

EXERCISE VIII—No 17

Date	Item.	Due Date	Amount •			Days	Pro- ducts
19			£	s	d		£
Aug 12	Goods	Sept 12	156	15	9	Zero	Date
" 21	"	Oct 1	298	4	5	19	5,662
Sept 23	"	Nov 1	127	17	2	50	6,400
Oct 9	"	" 19	395	5	8	68	26,860
(38,922 - 978 gives 40 days			£978	3			£38,922
∴ Sept 12	12 + 40 days gives Oct 22						

EXERCISE VIII—No 18

FOREST & CO S LEDGER

ELLIS & DRAWINGS ACCOUNT

Dr Singh

[illegible]

EXERCISE VIII—No 21

SYKES & SONS JOURNAL

		£	s	d	£	s	d
19 Feb 21	Consignment Account To Goods on Consignment For goods valued £850 sent to Bailey & Co their Belfast agent	850	—	—	850	—	—
21	Consignment Account To Bankers Discount For transfer of loss on discounting bill	14	3	4	14	3	4
Mar 31	Consignment Account To Bailey & Co For his notification to us of his having paid freight and landing charges on account of consignment	28	13	9	28	13	9
Aug 31	Bailey & Co To Consignment Account For gross proceeds as per Account Sales	1 056	—	—	1 056	—	—
31	Consignment Account To Bailey & Co Commission on £1 056 @ 3 %	31	13	7	31	13	7
		£1 980	10	8	£1 980	10	8

BILLS RECEIVABLE BOOK

No of Bill	Date	From whom Received	Term	Due Date	Fol	Amount	Remarks.
1	19 Feb 21	Bailey & Co.	4 mos	19 June 24		£ 850	Discounted same date Ret red June 24

EXERCISE VIII—No 21 (contd)

SYKES & SON'S LEDGER

Dr.		CONSIGNMENT ACCOUNT						Cr	
19		£	s	d	19		£	s	d
Feb 21	To Goods on C/mment	800	-	-	Aug 31	By Bailey & Co	1 005	-	-
" 21	" Cash (loss on Discounting Bill)	14	3	4		(Gross proceeds as per A/s)			
Mar 31	" Bailey & Co (Exps)	28	13	9					
Aug 31	" Bailey & Co (Commission)	31	13	2					
" 31	" Balance (profit) to Profit and Loss	131	9	4					
		£1 056	-	-			£1 056	-	-

Dr		BAILEY & Co						Cr	
19		£	s	d	19		£	s	d
June 24	To Cash	800	-	-	Feb 21	By Bills Receivable	800	-	-
Aug 31	" Consignment . . .	1 005	-	-	Mar 31	" Consignment	28	13	9
					May 31	" Cash	450	-	-
					Aug 31	" Consignment	31	13	7
					" 31	" Balance c/d	545	12	8
		£1 906	-	-			£1 906	-	-

Dr		CASH BOOK						Cr	
		Bank						Bank.	
19		£	s	d.	19		£	s	d.
Feb 21	To Bills Receivable	800	-	-	Feb 21	By Banker's Discount	14	3	4
May 31	Bailey & Co	450	-	-	June 24	Bailey & Co (bill retired)	650	-	-

EXERCISE VIII—No 22

ACCOUNT SALES OF 25 CHESTS OF INDIGO sold by Henry Crichton & Son
on account and risk of Thos Ruffles

	£	s	d	£	s	d
25 Chests of Indigo				1 246	10	8
<i>Charges</i>						
Dock Dues and Insurance	8	10	11			
Cartage	2	15	6			
Storage	3	4	7			
Commission (3% of £1 246/10/8)	37	7	11			
<i>Del credere</i> Commission (2½% of £1 246/10/8)	31	3	3			
				83	2	2
				£1 163	8	6
E & O E						
Bill at three months for £1 163/8/6 enclosed herewith						
HENRY CRICHTON & SON						

EXERCISE VIII—No 22 (a)

THOS RUFFLES BOOKS (LEDGER)

Dr		CONSIGNMENT ACCOUNT				Cr	
		£	s	d			
19 Feb '91	To Goods on C ment (25 chests Tea @ £51 per cht)	1 275			19 May 18	By Hy Cr chton & Son (Gross Proceeds as per A/S)	1 246 10 8
21 May 18	Cash (Freight)	12	12	6	18	Balance (Loss) to Profit and Loss	124 4 -
" 18	Hy Cr chton & & Son (Expenses)	14	11				
	Hy Cr chton (Commissions)	68	11	2			
		£1 370	14	8			£1 370 14 8

Dr				CRICHTON & SON				Cr			
19 May 18	To Consignment	£ 1 246	s 10	d 8	19 May 18 18 18	By Consignment	£ 14 68 1 163	s 11 11 8	d. 2 6		
		£1 246	10	8		Bills Receivable	£1 246	10	8		

EXERCISE VIII—No. 22 (a) (contd.)

THOS RUFFLES' JOURNAL

		£	s	d	£	s	d
19							
Feb 21	Consignment Account. To Goods on Consignment For 25 chests indigo forwarded to H Crichton & Son	1,275			1,275		
May 18	Crichton & Son To Consignment Account For gross proceeds as per A/S	1,246	10	8	1,246	10	8
" 18	Consignment Account To Crichton & Son For expenses as enumerated in A/S, i.e. Dock Dues and Insurance £8/10/11 Cartage £2/15/6 Storage £3/4/7	14	11		14	11	
" 18	Consignment Account. To Crichton & Son For Commission as under— 3% of gross proceeds as per A/S £37/7/11 2½% of gross proceeds as per A/S (being <i>del credere</i> Commission) £31/3/3	68	11	2	68	11	2
" 18	Bills Receivable To Crichton & Son Acceptance at 3 mos for NET proceeds as per Account Sales Bill dated Ap 20	1 163	8	6	1 163	8	6
		£3 768	1	4	£3,768	1	4

EXERCISE VIII—No. 22 (b)

CRICHTON & SON'S BOOKS (LEDGER)

Dr		THOS RUFFLES			Cr	
19		£	s	d	19	
Apr 20	To Cash	14	11		Apr 20	By Sundry Debtors
" 20	" Commission	68	11	2		1 246
" 20	" Bills Payable	1 163	8	6		10
		£1 246	10	8		8

EXERCISE VIII—No 22 (b) (contd)

CRICHTON & SON'S JOURNAL

		£	s	d	£	s	d
19 Apr 20	Sundry Debtors To Thos Ruffles . . . For sale to sundry debtors of goods received on consignment from Thos Ruffles	1 246	10	8	1 246	10	8
.. 20	Thos Ruffles To Cash For expenses enumerated below— Dock Dues and Insurance £8/10/11 Cartage £2/15/6 Storage £3/4/7	14	11	—	14	11	—
.. 20	Thos Ruffles To Commission Account For 3% of gross proceeds of sales to debtors i.e. 3% of £1 246/10/8 = £37/7/11 and 2½% (del credere) commission being 2½% of £1 246/10/8 = £31/3/3	68	11	2	68	11	2
.. 20	Thos Ruffles To Bills Payable . . . For bill at 3 mos for NET proceeds of account sales	1 163	8	6	1 163	8	6
		£2 493	1	4	£2 493	1	4

EXERCISE VIII—No 23

JOURNAL ENTRIES

		£	s	d	£	s	d
19							
Jan 5	Consignment Account	750	2	9			
	To Goods on Consignment				698	14	8
	Commission				17	9	4
	Insurance				7	10	-
	Freight				26	8	9
.. 6	Bills Receivable	750	2	9			
	To Ah Hee				750	2	9
June 4	Ah Hee	812	18	2			
	To Consignment				812	18	2
	For value of goods sent \$5 455						
	= (750 2 9 plus share of profit \$460	(2,313	3	8	(2,313	3	8
	= £62,15 5						

STATEMENT OF CONVERSIONS

	Rate	\$	£	s	d
Gross Proceeds	2/9	6 872 52	944	19	2
Less Charges i.e. \$326 17 + \$171 82	2/9	497 99	68	9	5
NET Proceeds	2/9	6 374 53	876	9	9
Less Cost of Goods (including Expenses)	2/9	5 455 54	750	2	9
Profit on Venture	2/9	918 99	126	7	-
Actual HALF share	2/9	459 49 1/2	63	3	6
No. of DOLLARS as share	2/9	460 00	63	5	-
Discounted 5th June	2 8 1/2	\$460 00	£62	15	5

LEDGER

Dr		CONSIGNMENT ACCOUNT						Cr	
19 Jan 5	To Goods on C/mnt	£	s	d	19 June 4	By Ah Hee	£	s	d
	" Commission	698	14	8			812	18	2
	" Insurance	17	9	4					
	" Freight	7	10	-					
	" Balance to Profit and Loss	26	8	9					
		62	15	5					
		£812	18	2			£812	18	2

Dr		CASH ACCOUNT						Cr	
19 Jan 6	To Bills Receivable	£	s	d	19 Jan 10	By Insurance	£	s	d
June 4	Ah Hee	750	2	9	10	" Freight	7	10	-
		62	15	5			26	8	9

EXERCISE VIII—No 24

I SOLOMON S JOURNAL

		£	s	d	£	s	d
19 Feb 1	Consignment Account To Goods on Consignment For consignment to Davis & Co Bombay 320 cases brandy @ 23/6 per case F O B	376	—	—	376	—	—
" 15	Davis & Co To Consignment For gross proceeds as per account sales	456	6	8	456	6	8
" 15	Consignment To Davis & Co For expenses and commission as per account sales	18	10	—	18	10	—
		£850	16	8	£850	16	8

ACCOUNT SALES of 320 cases Wine and Spirit sold by Messrs Davis & Co of Bombay for the account and risk of Messrs Isaac Solomon London

19	320 cases Brandy @ 18½ rupees a case				R 5 920	—	—
	<i>Charges</i>						
	Delivery Rent	R 32	—	—			
	Postage	8	—	—			
	Commission—R ½ per case	200	—	—			
					240	—	—
	<i>Net Proceeds</i>				R 5 680	—	—
E. & O E	BOMBAY						
	15th February						
Dates	have been assumed DAVIS & Co						

I SOLOMON S LEDGER

Dr		CONSIGNMENT ACCOUNT						Cr		
9 Feb 1	To Goodson C ment	£	s	d	19 Feb 15	By Davis & Co	£	s	d	
" 1	Cash	376	—	—			456	6	8	
" 15	" Davis & Co	13	10	6						
	" Balance to Profit and Loss	18	10	—						
		48	4	2						
		£456	6	8			£456	6	8	

EXERCISE VIII—No 24 (contd)

Dr				DAVIS & Co.				Cr			
19 Feb 15	To Consignment	£	s	d	19 Feb 15	By Consignment	£	s	d		
		436	6	8	" 15	" Cash . .	18	10			
							437	16			8
		£436	6	8			£436	6			8

Dr				CASH BOOK				Cr			
19 Feb 15	To Davis & Co (Sight Draft of £437/16/8 for Rs 5680 converted at 1/6½ per rup)	£	s	d	19 Feb 1	By Consignment (For disburse- ments for— Insurance £4/17/6 Freight £8/15/)	£	s	d		
		437	16	8			13	12			8

EXERCISE VIII—No 25

JOHNSON GIBBS & CO'S JOURNAL

19		£	s	d	£	s	d
Jan 1	Consignment Account	106	16	7			
	To Goods on Consignment				93	6	—
	" Freight				12	16	7
	" Bill of Lading					2	6
	" Insurance					11	6
	For particulars of invoice of goods sent to Messrs Larrissa & Co Bombay	106	16	7	106	16	7

MESSRS JOHNSON GIBBS & CO'S LEDGER

Dr				CONSIGNMENT ACCOUNT				Cr			
19 Jan 1	To Goods on C/ment	£	s	d							
	" Freight	93	6	—							
	" Bill of Lading	12	16	7							
	" Insurance		2	6							
			11	6							

EXERCISE VIII—No 26

CONSIGNEE'S JOURNAL

MESSRS LARRISSA & CO

		Rs	A	P		Rs	A	P
19 Feb 15	Sundry Debtors To Messrs Johnson Gibbs & Co	1 708	11	8		1 708	11	8
	Messrs Johnson Gibbs & Co To Import Duty Rent Insurance and Commission For expenses and commission etc as set forth in Account Sales	187	15	3		17 170	1 13	4 11
		Rs 1 896	10	11		Rs 1 896	10	11

CONSIGNEE'S LEDGER

Dr

MESSRS JOHNSON GIBBS & CO

Cr

19 Feb 15	To Duty Insurance " Cash	Rs 17 10 15 70	A 1 13 1 7	P 4 11 5	19 Feb 15	By Sundry Debtors	Rs 1 708	A 11	P 8
		Rs 1 708	11	8			Rs 1 708	11	8

Note—Above calculations are in Indian currency

CONSIGNOR'S LEDGER

Dr

CONSIGNMENT ACCOUNT

Cr

19	To Goods on C/mnt	£ 106	s 16	d 7	19	By Larrissa & Co Balance to Profit and Loss	£ 101	s 7	d 8
		£ 106	16	7			5	8	11
							£ 106	16	7

Dr

MESSRS LARRISSA & CO

Cr

19 Feb 15	To Cons. ment	£ 101	s 7	d 8	19 Feb 15	By Cash	£ 101	s 7	d 8
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EXERCISE VIII—No 27

LUX & LUCIFER'S LEDGER

Dr				Consignment Account				Cr			
19	Feb 1	To Goods on C/mment (i.e. 500 Lamps @ 18/- each)	£ 450	s -	d -	19	Apr 4	By M. Marconi (Amount recd from Undwts.)	£ 72	s -	d -
		" Cash	8	13	6			" M. Marconi (For his sale of 250 Lamps)	240	-	-
	Apr 4	" M. Marconi	21	2	-			" Stock of 125 Lamps @ 18/- each c/d	112	10	-
								" Proportion of Expenses c/d (i.e. $\frac{1}{3}$ of £4/13 6)	2	9	5
								" Balance to Profit and Loss	53	2	1
			£478	15	6				£478	15	6

Dr				M. MARCONI				Cr			
19	Apr 4	To Consignment	£ 72	s -	d -	19	Apr 4	By Consignment	£ 21	s 2	d -
	"		240	-	-		"	" Cash	290	18	-
			£312	-	-				£312	-	-

Dr				CASH BOOK				Cr			
19	Apr 4	To M. Marconi	£ 290	s 18	d -	19	Feb 1	By Consignment— Freight £5/18 6 Insur £2/1s	£ 8	s 13	d 6

EXERCISE VIII—No 28

Dr				JOINT VENTURE				Cr			
19	.	To Shares A/c (A)	£ 150	s -	d -	19	.	By Shares A/c (B)	£ 967	s 15	d -
		" C $\frac{1}{4}$ share of	22	15	-			" (C)	475	10	-
		" D $\frac{1}{4}$ " (Profit)	45	10	-			" C, 30 sh. @ 30/-	45	-	-
								" D, 60 " @ 30/-	90	-	-
			£ 578	5	-				£ 578	5	-

(A) Purchase of 1 000 Shares @ 30/- + Expenses £10 (B) Sale of 600 Shares @ 32/6, less Expenses £7/5/- (C) Sale of 310 Shares @ 31/- less Expenses £5

EXERCISE VIII—No 28 (contd.)

Dr				BANK ACCOUNT				Cr			
19	To C L Shares A/c	£ 503 1 006 967 475	s 6 13 15 10	d 8 4 —	19	By Shares A/c C D	£ 1 510 481 962	s — 1 3	d — 8 4		
		£2 953	5				£2 953	5			

Dr				C				Cr			
19	To Joint A/c Bank	£ 45 481	s — 1	d — 8	19	By Cash Joint A/c	£ 503 22	s 6 15	d 8		
		£526	1	8			£526	1	8		

Dr				D				Cr			
19	To Joint A/c Bank	£ 90 46	s 3 3	d 4	19	By Cash Joint A/c	£ 1 006 45	s 13 10	d 4 —		
		£1 059	3	4			£1 052	3	4		

EXERCISE VIII—No 29

Dr				JOINT ACCOUNT				Cr			
19	To Cash Loss on Shares Balance to Capital Accounts (For transfer of Profit) Black $\frac{1}{2}$ share White $\frac{1}{2}$	£ 478 22 950 293 293	s — — — — —	d — — — — —	19	By Syndicate White (For balance taking over balance of Stock)	£ 2 000 30	s — —	d — —		
		£2 036					£2 036				

Dr				CAPITAL ACCOUNT—BLACK				Cr			
19	To Syndicate share Cash	£ 0 93	s — —	d — —	19	By Cash Share of Profit of Joint A/c	£ 300 50 293	s — — —	d — — —		
		£643					£643				

EXERCISE VIII—No 29 (contd)

Dr		CAPITAL ACCOUNT—WHITE			Cr.				
19	To Joint Account	£	s	d	19	By Cash	£	s	d
	" Cash	36	-	-		" Share of Profit	100	-	-
		407	-	-		of Joint Venture	293	-	-
		£443	-	-			£443	-	-

Dr		SYNDICATE ACCOUNT			Cr				
19	To Joint Account	£	s	d	19	By Cash " Shares	£	s	d
		2,000	-	-			1 000	-	-
							1,000	-	-
		£2 000	-	-			£2,000	-	-

Dr		SHARES ACCOUNT			Cr				
19	To Syndicate (For 1 000 shares of £1 fully paid)	£	s	d	19	By Black (Shares taken over at agreed valuation)	£	s	d
		1 000	-	-		" Joint Account (For transfer of loss of shares)	850	-	-
		£1 000	-	-			£1 000	-	-

Dr		CASH BOOK				Cr			
19 .	To Black's Cap A/c	£	s	d	19	By Joint A/c (A)	£	s	d
	" White's "	300	-	-		" (B)	478	-	-
	" Black's "	150	-	-		" Black's Cap A/c	22	-	-
	" Syndicate	50	-	-		" White's "	593	-	-
		1,000	-	-			407	-	-
		£1 500	-	-			£1,500	-	-

(A) Cost of Purchases and Experiments (B) Patent Fees paid by White

Note—The question seems to suggest that White contributed a further £22 but as sufficient cash was available at the time the sum has been regarded as having been paid by WHITE out of such funds

EXERCISE VIII—No 30

JOURNAL ENTRIES

		£	s	d	£	s	d
19 Jan 4	Joint Account To A Lemoine	254	12	6	254	12	6
10	J Carey To Joint Account	138	10	6	138	10	6
14	Joint Account To J Carey	4	8	4	4	8	4
16	Joint Account To A Lemoine	31	4		31	4	
30	A Lemoine To Joint Account	428 4	15 1	4 9	428 4	15 1	4 9
		£439	17	1	£432	17	1

Dr

CASH BOOK

Cr

19 Jan 16	To Joint Account	£ 237	s 4	d 6	19 Jan 7	By Joint Account	£ 4	s 6	d 2
30	A Lemoine	4	1	9	16 30	A Lemoine Joint Account	50 8	16 3	6 6

LEDGER

Dr

JOINT ACCOUNT

Cr

19 Jan 4	To A Lemoine	£ 254	s 12	d 6	19 Jan 10	By Carey J	£ 138	s 10	d 6
7	Cash	4	6	2	16	Cash	237	4	6
9		50							
14	J Carey	4	8	4					
16	A Lemoine	31	4						
	Balance c/d	31	4						
		£375	15				£375	15	
Jan 30	To Cash	8	3	6	Jan 30	By Balance b/d	31	4	
"	Balance to Profit and Loss	27	2	3		A Lemoine	4	1	9
		£3	5	9			£35	5	9

EXERCISE VIII—No 30 (contd)

Dr		A LEMOINE					Cr		
19 Jan 16	To Cash . . .	£ 285	s 16	d 6	19 Jan 4 " 16	By Joint Account " (Share of Profit on venture)	£ 284 31	s 12 4	d 6 -
		£285	16	6			£285	16	6
Jan 30	To Joint Account	4	1	9	Jan 30	By Cash . . .	4	1	9

Note—It has been assumed that A Lemoine has refunded £4 1s 9d, which was an amount included in balance sent him on 16th—being in excess of correct amount

EXERCISE IX—No 1

THE SECTIONAL SYSTEM OF BALANCING is a system wherein accounts are classified and grouped under particular categories for facility in control of posting

Personal Accounts are classified into those of Debtors and Creditors and a separate ledger is kept for each. The purpose served by this method is to prove each ledger independently, which purpose is effected by an adjustment account

The advantages of Sectional Balancing are—

(a) Errors are localized to each separate ledger and reduce the necessary scope of investigation to one or other of the numerous ledgers, for all ledgers are self-balancing

(b) Economy of time and effort are effected. The clerical staff can be conveniently allocated to writing up the various ledgers etc as against the loss of time caused by members of the staff waiting to do work in the LEDGER while some other member is entering up "or" posting "

The alterations in X Y Z & Co's books necessary to make them completely sectional balancing are—

(a) To reduce the "Private and Nominal" Ledger to two ledgers, i.e. (1) 'Private' and (2) 'Nominal'

(b) The Journal and Bank Cash Books to have appropriate analysis columns for all ledgers kept (See also *Advanced Accounts* Chapter IX.)

EXERCISE IX—No 2

This question is explained fully in Chapter IX of *Advanced Accounts*

EXERCISE IX—No 3

The uses of the JOURNAL are adequately dealt with in Chapter I of *Advanced Accounts*

The entries to be found in the JOURNAL of a business in which ledgers are balanced independently will be found elaborated in Chapter IX of *Advanced Accounts*

EXERCISE IX—No 4

J GARSID'S SALES (DEBTORS) LEDGER

GENERAL LEDGER ADJUSTMENT ACCOUNT									
Dr					Cr				
		£	s	d			£	s	d
19					19				
Jan 31	To Returns Inwards	842	-	-	Jan 1	By Balance	12 542	-	-
31	" Cash	15 621	-	-	31	Sales	21 658	-	-
" 31	" Discounts Allowed	968	-	-	31	Bills Receivable (dishonoured)	542	-	-
" 31	" Bills Receivable	3 471	-	-					
" 31	" Balance c/d	13 740	-	-					
		£ 34 742					£ 34 742		
					Jan 31	By Balance b/d	13 740		

EXERCISE IX—No 5

SALES JOURNAL

Date	No of Invoice	Particulars	Fol	Total	TOWN LEDGER								
					Mantles			Dress Materials			Felts		
				£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d

Date	No of Invoice	Particulars	Fol	Total	COUNTRY LEDGER								
					Mantles			Dress Materials			Felts		
				£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d

Note.—It is probable that a separate JOURNAL would be kept for each, as illustrated.

EXERCISE IX--No 6.

(DEPT SIDE)

BANK CASH BOOK

LEDGERS

[illegible]

(CREDIT LINE)

[illegible]

To show above in relation to the Self-balancing of Ledgers, it would be necessary to post to accounts in the ordinary way, and then to show the "aggregate figures" of each analysis column in the relative adjustment accounts.

EXERCISE IX--No 7

SALES BOOK

TRIAL BALANCE Debits

19			£	s	d			£	s	d
Mar	6	J Crow	175	6			J Crow	128	10	
	10	J Finch	192	13	4		J Finch	180	13	4
	11	L Lark	50				R Rob n	100		
	14	R Rob n	135	11	8					
	18	J Crow	28	0						
							General Ledger	£409	3	4
			£570	1	8		Adjustment A c Cr	409	3	4

CASH BOOK

Date	Particulars	Fol	Debet	Amount	Date	Particulars	Fol	Amount
19 Mar 2	To J Crow		£ 10 12 6	£ 210	19 Mar 6	By J Crow		£ 1 13 4
7	T Foch		3 17 6	147		(Carr age)		
17	R. Robn			35 11 8	31	Balance c/d		723 8 4
21	J Jay			25 10				
27	J Crow			77				
		£ 14 10		£ 7 5 1 8			£ 725	1 8
Mar 31	To Bat b/d			723 8 4				

SALES LFDCER

 D_x

JAMES CROW

C_r

19 Mar 1	To Balance	£ 220	s 17	d 6	19 Mar 2	By Cash	£ 10	s	d
6	Sa es	175	6	8	2	Discount	10	12	6
6	Cash (Carriage)	1	13	4	27	Cash	77		
18	Sa es	28	10		31	Balance c/d	128	10	
		£426	2	6			£476	2	6
Mar 31	To Balance b 1	128	10						

Dr

THOMAS FINCH

C.

19 Mar 10	To Balance	£	s	d	19 Mar 7	By Cash	£	s	d
	Sales	150	17	6	7	D'scount	3	17	6
		180	13	4	31	Balance c/d	180	19	4
		£331	10	10			£331	10	10
Mar 31	To Balance b/d	180	13	4					

Dr

JOHN LAY

Cr

19 Mar 1	To Balance	£ 270	s 4	d 6	19 Mar 21	By Cash	£ 255	s 10	d -
						Bad Debts	14	14	6
		£2 0	4	6			£270	4	6

EXERCISE IX—No 7 (contd.).

Dr		L. LARK			Cr				
19 Mar 11	To Sales . . .	£ 50	s -	d -	19 Mar 31	By Bought Ledger Adjustment (Amt transfd)	£ 50	s -	d -

Dr		R. ROBIN					Cr		
19 Mar 14	To Sales . . .	£ 135	s 11	d 8	19 Mar 17 " 31	By Cash " Balance c/d	£ 35 100	s 11 8	d - 8
		£135	11	8			£135	11	8

Note—L. Lark's item has been regarded as one requiring transfer to the Bought Ledger hence difference from the figure in *Advanced Accounts* list of Answers

Either answer is correct

Dr		GENERAL LEDGER ADJUSTMENT ACCOUNT			Cr		
19		£	s	d	19		£ s d
Mar 31	To Cash	725	1	8	Mar 1	By Balance	641 14 6
" 31	Discounts	14	10	-		(Total of Sales Ledger Bal. b/f)	
" 31	Bad Debts	14	14	6	" 31	" Sales (Total of Sales Book)	570 1 8
" 31	" Bought Ledger Adjustment A/c	50	-	-	" 31	" Cash (Amount paid on account of carriage)	1 13 4
" 31	" Balance c/d	409	3	4			
		£1 213	9	6	Mar 31	By Balance b/d	409 3 4

EXERCISE IX—No 8

MESSRS JAMES OGDEN & CO'S SALES LEDGER

Dr		GENERAL LEDGER ADJUSTMENT ACCOUNT								Cr.	
19			£	s	d	19			£	s	d
Dec 31	To Returns Inwards		691	12		June 30	By Debtor Balances		28 394	12	6
" 31	" Cash		41 344	8	6	Dec 31	" Sales		58 421	10	8
" 31	" Discounts allowed		1 504	9	3	" 31	" Bills Receivable (dishonoured)		290		
" 31	" Bills Receivable		4 210	1	2	" 31	" Sundry Charges		29	4	6
" 31	" Bad Debts		942	10							
" 31	" Balance c/d		38 702	6	9						
		£	87,395	7	8	Dec. 31	By Balance b/d		38 702	6	9

EXERCISE IX—No 8 (contd)

MESSRS JAMES OGDEN & CO'S GENERAL LEDGER

Dr SALES LEDGER ADJUSTMENT ACCOUNT Cr

19		£	s	d	19		£	s	d
June 30	To Debtors Bal	28 394	12	6	Dec 31	By Returns Inwards	691	12	
Dec. 31	Siles	58 421	10	8	31	Cash	41 344	8	6
31	B's Receivable	550	-		31	Dcts allowed	1 504	9	3
	(D showned)				31	B's Receivable	4 210	1	2
31	Sundry Charges	29	4	6	31	Bad Debts	942	10	
					31	Balance c/d	38 702	6	9
		£ 87 395	7	8			£ 87 395	7	8
Dec 31	To Balance b/d	38 702	6	9					

EXERCISE IX—No 9

PURCHASES BOOK

BOUGHT LEDGER
TRIAL BALANCE

19		£	s	d			£	s	d
Jan 3	S Smith	78	13	2		S Smith	76	13	2
10	P Brown	134	16	8		B Brown	134	16	8
17	J Jones	55	2	11		J Jones	80	8	2
21	T Thompson	66	4	9		T Thompson	66	4	9
24	H Hewitt	173	12	3		H Hewitt	226	10	3
30	L Lovejoy	157	6	10		L Lovejoy	157	6	10
		£ 663	16	7			£ 741	19	10

RETURNS OUTWARDS BOOK

19		£	s	d			£	s	d
Jan 11	J Jones	13	14	8		General Ledger Adj			
18	L Lovejoy	17	6	11		justment A/c	£ 741	19	10
		£ 31	1	7					

Dr CASH BOOK

Cr

		Date	Particulars	Dcts	Bank
19				£ s d	£ s d
Jan 5	By L. Lovejoy	10		9 4 9	175 10 10
17	H Hewitt	19			50
19	T Thompson	23		2 14 2	51 9 7
23	J Jones	25			40
25	B Brown	31		3 18 3	74 6 5
31	S Smith			10 6 11	196 10 9
				£ 26 4 1	£ 87 17 -

EXERCISE IX—No 9 (contd)

BILLS PAYABLE BOOK

No of Bill	Date	To Whom Given	Tenor	Due Date	Fol	Discount	Amount
1	19 Jan 4	Brown, A . .				£ 3 18 6	£ 74 12 -
2	" 26	Hewitt, M. . .				3 5 9	62 9 9
						£ 7 4 3	£ 137 1 9

Dr GENERAL LEDGER ADJUSTMENT ACCOUNT Cr

19 Jan 1	To Ledger Balances	£ 887 12 8	19 Jan 31	By Returns	£ 31 1 2
" 31	Purchases (as per Purchases Book)	663 16 7	" 31	" Cash	587 17 7
			" 31	" Discts received	33 8 4
			" 31	" Bills Payable	177 1 9
			" 31	" Balance c/d	741 19 10
		£ 1 531 9 1			£ 1 531 9 1
Jan 31	To Balance b/d	741 19 10			

A ALLCOTT'S BOUGHT LEDGER

Dr S SMITH Cr

19 Jan 31	To Cash	£ 198 19 9	19 Jan 1	By Balance	£ 206 17 8
" 31	" Discount	10 6 11	" 3	" Purchases	78 13 2
" 31	" Balance c/d	76 13 2			£ 283 10 10
		£ 283 10 10	Jan 31	By Balance b/d	76 13 2

Dr B BROWN Cr

19 Jan 4	To Bills Payable	£ 74 12 -	19 Jan 1	By Balance	£ 156 15 2
" 4	" Discount	3 18 6	" 10	" Purchases	134 16 8
" 25	" Cash	74 6 5			£ 291 11 10
" 25	" Discount	3 18 3			£ 291 11 10
" 31	" Balance c/d	114 16 8	Jan 31	By Balance b/d	134 16 8
		£ 291 11 10			

Dr J JONES Cr

19 Jan 11	To Returns O/w'd	£ 13 14 8	19 Jan 1	By Balance	£ 78 19 11
" 23	" Cash	40 - -	" 17	" Purchases	55 2 11
" 31	" Balance c/d	80 8 2			£ 134 2 10
		£ 134 2 10	Jan 31	By Balance b/d	80 8 2

EXERCISE IX—No 9 *contd*)

Dr			T THOMPSON			Cr		
19			£	s	d	19		
Jan 19	To Cash	51	9	7	Jan 1	By Balance	54	3
19	Discount	2	14	2	21	Purchases	66	4
31	Balance c/d	66	4	9				
		£120	8	6			£120	8
					Jan 31	By Balance b/d	66	4
								9

Dr			H HEWITT			Cr		
19			£	s	d	19		
Jan 12	To Cash	50			Jan 1	By Balance	169	13
26	Bills Payable	62	9	9	24	Purchases	173	12
26	Discount	3	5	9				
31	Balance c/d	296	10	3				
		£342	5	9			£342	5
					Jan 31	By Balance b/d	226	10
								3

Dr			L LOVEJOY			Cr		
19			£	s	d	19		
Jan 5	To Cash	175	10	10	Jan 1	By Balance	202	2
5	Discount	9	4	9	30	Purchases	157	6
28	Returns Outwards	17	6	11				
31	Balance c/d	157	6	10				
		£359	9	4			£359	9
					Jan 31	By Balance b/d	157	6
								10

EXERCISE IX—No 10

PURCHASES BOOK

BOUGHT LEDGER
TRIAL BALANCE

Credits

19			£	s	d				£	s	d
Mar 4	L. Luke	247	9	3		L. Luke	202	8	9		
11	M. Matthew	65	14	8		M. Matthew	366	8	8		
18	J. John	73	10	2		J. John	73	10	2		
27	M. Mark	127	6	11		M. Mark	127	6	11		
29	P. Paul	48	15	6		P. Paul	48	15	6		
30	S. Silas	165	18	10		S. Silas	235	9	7		
		£728	15	4			£1 153	19	7		

RETURNS OUTWARDS BOOK

Debits

19			£	s	d				£	s	d
Mar 13	P. Paul	27	10	6		General Ledger Adjustment A/c	1 153	19	7		
27	M. Matthew	36	15	2							
		£64	5	8							

EXERCISE IX—No 10 (contd)

Dr				CASH BOOK		Cr.			
				Date	Particulars	Disct	Bank		
				19		£ s d	£	s	d
				Mar 6	By S Silas		80	-	-
				" 13	" P Paul	6 - 5	114	7	10
				" 20	" M Mark	10 6 10	196	10	-
				" 24	" J John	9 5 11	176	13	-
				" 26	" M Matthew		100	-	-
				" 31	" L Luke		50	-	-
						£ 25 13 2	£ 717	1	10

BILLS PAYABLE BOOK

No of Bill	Date	To Whom Given	Tenor	Due Date	Fol	Discount	Amount		
						£ s d	£	s	d
1	19 Mar 12	L Luke	.			8 - 10	152	16	-
2	23	S Silas	.			10 6 10	190	9	1
						18 7 8	349	5	1

P ZUCKER S BOUGHT LEDGER

Dr				L LUKE		Cr.			
19				£	s	d	19		
Mar 12	To B's Payable			152	16	-	Jan 1	By Balance	265 16 4
" 12	" Discount			8	-	10	Mar 4	" Purchases	247 9 3
" 31	Cash			20					
" 31	Balance c/d			302	8	9			
				£ 113	4	7			£ 513 5 7
							Mar 31	By Balance b/d	302 8 9

Dr				M MATTHEW		Cr.			
19				£	s	d	19		
Mar 26	To Cash			100	-	-	Jan 1	By Balance	437 9 2
" 27	Returns O'wards			36	15	2	Mar 11	" Purchases	65 14 8
" 31	Balance c/d			366	8	8			
				£ 503	3	10			£ 503 3 10
							Mar 31	By Balance b/d	366 8 8

EXERCISE IX—No 10 (contd)

Dr				J JOHN				Cr			
19			£	s	d	19			£	s	d
Mar 24	To Cash	176	13			Jan 1	By Balance	185	18	11	
24	D scout	5	5	11		Mar 18	Purchases	73	10	2	
31	Balance c/d	73	10	2							
		£259	9	1				£259	9	1	
						Mar 31	By Balance b d	73	10	2	

Dr			M MARK			Cr				
19			£	s	d	19				
Mar 20	To Cash	196	10			Jan 1	By Balance	200	16	10
20	D scout	10	6	10		Mar 22	Pu chases	127	6	11
31	Balance c/d	127	6	11						
		<u>£334</u>	<u>3</u>	<u>9</u>				<u>£334</u>	<u>3</u>	<u>9</u>
						Mar 31	By Ba nce b d	127	6	11

Dr			P PAUL			Cr				
19			£	s	d	19				
Ma 13	To Retu ns O wards	27	10	6		Jan 1	By Bal nce	147	15	9
13	Cash	114	7	10		Mar 25	Pur hases	48	15	6
13	D scout	6		5						
31	Balance c/d	48	15	6						
		£196	14	3				£196	14	3
						Mar 31	By Balance b d	48	15	6

Dr			S SILAS			Cr				
19			£	s	d	19				
Ma 6	To Cash	80				Jan 1	By Balance	356	6	8
25	Bills Payable	196	9	1		Ma 30	Purchases	165	18	10
25	D scout	10	6	10						
" 31	Balance c/d	235	9	7						
		£522	5	6				£522	5	6
						Mar 31	By Balance b/d	235	9	7

Dr		GENERAL LEDGER ADJUSTMENT ACCOUNT					Cr		
19		£	s	d	19		£	s	d
Jan 1	To Led er Balances	1 600	6	8	Mar 31	By Returns O'wards	64	5	8
Mar 31	" Purchases	798	15	4	31	Cash	717	10	10
					31	D ects rece ved	44		10
					31	B lls Payable	349	5	1
					31	Balance c/d	1 153	19	7
		£2 399	2				£2 399	2	
Mar 31	To Balance b d	1 153	19	7					

EXERCISE IX—No 11 (contd)

Dr		GENERAL LEDGER ADJUSTMENT ACCOUNT						Cr	
19		£	s	d	19		£	s	d
July 31	To Returns Inwards	40	12	8	July 1	By Ledger Balances	808	16	5
31	Cash	472	10	7	31	Sales	612	2	10
31	Discount allowed	28	5	3					
31	Discount Receivable	154	9	3					
31	Balance c/d	72	1	6					
		£140	19	3			£1420	19	3
					July 31	By Balance b/d	725	1	6

E BROCKWELL'S SALES LEDGER

Dr		B BEARD						Cr	
19		£	s	d	19		£	s	d
July 1	To Balance	126	7	4	July 26	By Bills Receivable	63	9	10
3	Sales	69	10	8	" 26	Discount	3	6	10
					31	Cash	40		
					31	Balance c/d	82	1	4
		£88	18				£183	18	
July 31	To Balance b/d	82	1	4					

Dr		C COWAN						Cr	
19		£	s	d	19		£	s	d
July 1	To Balance	137	10	11	July 23	By Returns Inwards	16	10	9
10	Sales	74	2	11	23	Cash	54	12	8
					25	Discount	2	17	6
					31	Balance c/d	137	10	11
		£211	13	10			£211	13	10
July 31	To Balance b/d	137	10	11					

Dr		D DOGGETT						Cr	
19		£	s	d	19		£	s	d
July 1	To Balance	8	4	6	July 23	By Cash	80	19	3
17	Sales	165	17	4	23	Discount	4	5	3
					31	Balance c/d	165	17	4
		£251	1	10			£251	1	10
July 31	To Balance b/d	165	17	4					

Dr		E ELEY						Cr	
19		£	s	d	19		£	s	d
July 1	To Balance	97	13	10	July 19	By Cash	97	16	2
" 21	Sales	190	13	6	19	Discount	4	17	8
					31	Balance c/d	120	13	6
		£218	7	4			£218	7	4
July 31	To Balance b/d	190	13	6					

EXERCISE IX--No 11 (contd)

<i>Dr</i>		F FOXWELL					<i>Cr</i>		
19 July 1	To Balance . . .	£ 175	15	2	19 July 6	By Bills Receivable	90	19	5
" 24	" Sales . . .	88	15	8	" 6	" Discount	4	15	9
					" 12	" Cash	50		
					" 31	" Balance c/d	118	14	8
		£264	13	10			£264	13	10
July 31	To Balance b'd	118	18	8					

Dr		G GRAVES					Cr		
19 July 1	To Balance . .	£	s	d	19 July 4	By Returns Inwards	£	s	d
		186	4	8		Cash	23	19	11
" 30	" Sales	99	19	9	" 5	" Discount	151	2	6
					" 5	" Balance c/d	8	2	3
					31		99	19	9
		<u>£286</u>	<u>4</u>	<u>5</u>			<u>£286</u>	<u>4</u>	<u>5</u>
July 31	To Balance b/d	99	19	9					

EXERCISE IX—No. 12

SALES BOOK

SALES LEDGER TRIAL BALANCE

					Debits						
19			<i>l</i>	<i>s</i>	<i>d</i>			<i>l</i>	<i>s</i>	<i>d</i>	
Oct 4	A Andrews		185	12	11	A Andrews		223	8	3	
" 11	B Bunnie		195	10	10	B Bunnie		196	10	10	
" 18	C Carter		156	11	5	C Carter		156	11	5	
" 22	O Orford		163	12	7	O Orford		163	12	7	
" 25	P Peel		199	19	9	P Peel		199	19	9	
" 31	T Turner		197	17	8	T Turner		227	13	-	
			£1090	5	2				£1167	17	1

RETURNS INWARDS BOOK

19 Oct 8	P Feet . .	£ 15	s 14	d 7
" 23	B Balance . .	16	10	8
		£32	5	3

Credits

	£	s	d
General Ledger Adj Bustment Account	£1167	17	10

BILLS RECEIVABLE BOOK

No. of Bill	Date	From Whom Received	Tenor	Due Date	For	Discount	Amount
1	19	A Andrews				£ 4 8 9	£ 82 8 3
2	Oct 7 29	T Turner				3 15 8	71 17 10
						£8 2 7	£154 6 3

EXERCISE IX—No 12 (contd)

CASH BOOK
(DEBIT SIDE)

Date	Particulars	Fol	Discount			Bank		
			£	s	d	£	s	d
19 Oct 6	To T Turner					70	—	—
13	P Peel		5	11	1	105	10	—
20	O Orford		10	7	8	197	5	6
24	C Carter		8	8	10	160	7	10
27	B Binmie		8	2	3	154	2	6
31	A Andrews					30	—	—
			£32	9	10	£737	6	1

G GARDENER'S SALES LEDGER

Dr				A. ANDREWS				Cr			
		£	s	d				£	s	d	
19 Oct 1	To Balance	174	10	6	19 Oct 7	By Bills Receivable	82	8	5		
4	Sales	185	12	11	7	D discount	4	6	9		
					31	Cash	50				
					31	Balance c/d	223	8	3		
		£360	3	5			£360	3	5		
Oct 31	To Balance b/d	223	8	3							

Dr				B. BINNIE				Cr			
		£	s	d				£	s	d	
19 Oct 1	To Balance	178	15	5	19 Oct 23	By Returns Inwards	16	10	8		
11	Sales	196	10	10	27	Ca b	154	2	6		
					27	D discount	8	2	3		
					31	Balance c/d	196	10	10		
		£375	6	3			£375	6	3		
Oct 31	To Balance b/d	196	10	10							

Dr				C. CARTER				Cr			
		£	s	d				£	s	d	
19 Oct 1	To Balance	168	16	8	19 Oct 24	By Cash	160	7	10		
18	Sales	156	11	5	24	D discount	8	8	10		
					31	Balance c/d	156	11	5		
		£35	8	1			£35	8	1		
Oct 31	To Balance b/d	156	11	5							

EXERCISE IX—No 12 (contd)

EXERCISE IX—No 12 (contd.)

Dr

O ORFORD

Cr

19		£	s	d	19		£	s	d
Oct 1	To Balance	207	13	2	Oct 20	By Cash	197	5	6
" 22	" Sales	163	12	7	" 20	" Discount	10	7	8
					" 31	" Balance c/d	163	12	7
		£371	5	9			£371	5	9
Oct 31	To Balance b/d	163	12	7					

Dr		P PEEL				Cr			
		£	s	d			£	s	d
19					19				
Oct 1	To Balance	126	15	11	Oct 8	By Returns Inwards	15	14	7
" 25	" Sales	199	19	9	" 13	" Cash	103	10	3
					" 13	" Discount	5	11	1
					" 31	" Balance c/d	199	19	9
		£326	15	8			£326	15	8
Oct 31	To Balance b/d	199	19	9					

Dr		T TURNER						Cr		
		£	s	d			£	s	d	
19					19					
Oct 1	To Balance	185	10	10	Oct 6	By Cash	70	-	-	
" 31	" Sales	187	17	8	" 29	" Bills Receivable	71	17	10	
					" 29	" Discount	3	15	8	
					" 31	" Balance c/d	227	15	-	
		£373	8	6			£373	8	6	
Oct 31	To Balance b/d	227	15							

Dr		GENERAL LEDGER ADJUSTMENT ACCOUNT										Cr	
		£	s	d				£	s	d			
19					19								
Oct 31	To Returns Inwards	32	5	3	Oct 1	By Ledger Balances	1 042	2	6				
" 31	" Cash	737	6	1	" 31	" Sales	1,090	5	2				
" 31	" Discs Allowed	40	12	3									
" 31	" Bills Receivable	154	6	3									
" 31	" Balance c/d	1 167	17	10									
		£2 132	7	8				£2 132	7	8			
					Oct 31	By Balance b/d	1 167	17	10				

EXERCISE IX—No 13

PURCHASES BOOK

19		£	s	d
Jan 1-31	Horsham	274		
	Piggott	998		
	Manton	237		
	Coles	196		
	Day	189		
	Bullen	285		
		£1 479		

SALES BOOK

19		£	s	d
Jan 1-31	Moore	276		
	Roberts	365		
	Harrison	198		
	Squires	457		
	Farrow	584		
	Lonsdale	343		
		£2 223		

BOUGHT LEDGER
TRIAL BALANCE

19		£	s	d
	Horsham	274		
	Piggott	298		
	Manton	737		
	Coles	196		
	Day	189		
	Bullen	285		
	General Ledger Adjustment A/c	1 479		
		£1 479	£1 479	

SALES LEDGER
TRIAL BALANCE

19		£	s	d
	Moore	76		
	Roberts	365		
	Harrison	98		
	Squires	457		
	Farrow	584		
	Lonsdale	343		
	General Ledger Adjustment A/c			2 223
		£2 223		£2 223

Dr (RECEIPTS)

CASH BOOK

(PAYMENTS) Cr

Name of Account	Dis count	Bank	Sales Led	Gen Led	Name of Account	Dis count	Bank	Bought Led	Gen Led
To Balance		£1 725		£1 725	By Horsham	£11	£225	£236	£
Moore	28	546	574		Piggott	17	333	350	
Roberts	10	196	206		Manton	13	259	272	
Harrison	29	469	495		Coles	15	299	314	
Squires	18	351	369		Day	14	271	285	
Farrow	28	545	573		Bullen	13	250	263	
Lonsdale	21	407	428		Sundry Exps		263		263
					Graham's				
					Drawings		35		35
					Winder's				
					Drawings		35		35
					Salaries		75		75
					Wages		125		125
					Balance c/d		2 066		2 066
	£134	£4 236	£ 645	£1 725		£83	£4 236	£1 720	£2 599
Jan 31 To Bal b/d		2 066		2 066					

EXERCISE IX—No 13 (contd.)

OPENING ENTRIES

GENERAL LEDGER
TRIAL BALANCE

		£	£			£	£
19							
Jan 1	Cash	1 725		Cash		2,066	
	Stock	2 750		Discounts Allowed		134	
	Debtors	2 645		Stock		2 750	
	Plant and Machinery	2,550		Purchases		1,479	
	To Creditors		1,720	Sundry Expenses		263	
	" Capital A/cs—			Salaries		75	
	Graham		3 975	Wages		125	
	Winder		3 975	Plant and Machinery		2 550	
		£9 670	£9,670	Sales Ledger Adjust A/c		2,223	
				Graham's Drawings		35	
				Winder's Drawings		35	
				Sales			2,223
				Discounts Received			83
				Bought Ledger Adjust A/c			1,479
				Capital Accounts—			
				Graham			3 975
				Winder			3,975
						£11,735	£11,735

Messrs Graham & Winder

TRADING ACCOUNT

FOR MONTH ENDING 31ST JAN, 19 .

		£	s	d
(Dr. side)	To Stock 1st Jan	2 750	-	-
	Purchases	1 479	-	-
	Wages	125	-	-
	" Balance (gross profit) c/d	1 019	-	-
		£5,373	-	-
(Cr side)	By Sales	2 223	-	-
	" Stock, 31st Jan	3 150	-	-
		£5,373	-	-

Messrs Graham & Winder

PROFIT AND LOSS ACCOUNT

Dr FOR THE MONTH ENDED 31ST JANUARY, 19 . Cr

		£	s	d			£	s	d
To Discounts Allowed		134	-	-	By Trading Account		1 019	-	-
" Sundry Expenses (including £125 due)		263	-	-	" Discounts Received		83	-	-
" Salaries		75	-	-					
" Provision for Bad Debts Res.		100	-	-					
" Depreciat on of Plant (12% of £2 550 for 1 mth)		25	10	-					
" Interest on Capital A/cs—									
Graham		16	11	3					
Winder		16	11	3					
" Balance (net profit) to Cap Accounts—									
Graham, $\frac{1}{2}$ share		173	3	9					
Winder, "		173	3	9					
		£1 102	-	-			£1 102	-	-

EXERCISE IX—No 13 (contd)

Messrs Griham & Winder

BALANCE SHEET AS AT 31ST JANUARY 19

LIABILITIES	£	s	d	ASSETS	£	s	d
Sundry Creditors	1 479	—	—	Cash	2 066	—	—
Reserve for Out standing Exps	125	—	—	Debtors	2 123	—	—
Capital Accounts—				Stock	3 150	—	—
Graham	4 129	15	—	Plant & Machinery			
Winder	4 129	15	—	(NET)	2 524	10	—
	£9 863	10	—		£9 863	10	—

BOUGHT LEDGER

Dr

HORSHAM

Cr

19		£	s	d	19		£	s	d
Jan —	To Cash	225	—	—	Jan 1	By Balance	236	—	—
" —	D's count	11	—	—	" —	Purchases	274	—	—
" 31	Balance c/d	2 4	—	—			£510	—	—
		£210	—	—	Jan 31	By Balance b/d	274	—	—

Dr

PIGGOTT

Cr

19		£	s	d	19		£	s	d
Jan —	To Cash	333	—	—	Jan 1	By Balance	350	—	—
" —	D's count	17	—	—	" —	Purchases	298	—	—
" 31	Balance c/d	298	—	—			£648	—	—
		£648	—	—	Jan 31	By Balance b/d	298	—	—

Dr

MANTON

Cr

19		£	s	d	19		£	s	d
Jan —	To Cash	259	—	—	Jan 1	By Balance	272	—	—
" —	D's count	17	—	—	" —	Purchases	237	—	—
" 31	Balance c/d	237	—	—			£509	—	—
		£509	—	—	Jan 31	By Balance b/d	237	—	—

EXERCISE IX—No. 13 (contd)

Dr		COLES					Cr.		
19		£	s	d	19		£	s	d
Jan —	To Cash	299	—	—	Jan 1	By Balance	314	—	—
" —	Discount	15	—	—	" —	" Purchases	196	—	—
" 31	Balance c/d	196	—	—					
		£310	—	—			£310	—	—
					Jan 31	By Balance b/d	196	—	—

Dr		DAY			Cr		
19		£	s	d	19		£ s d
Jan —	To Cash	271	—	—	Jan 1	By Balance	263 — —
" —	" Discount	14	—	—	" —	" Purchases	189 — —
" 31	" Balance c/d	189	—	—			
		£474	—	—			£474 — —
					Jan 31	By Balance b/d	189 — —

Dr		BULLEN				Cr			
19		£	s	d	19		£	s	d
Jan —	To Cash	250			Jan 1	By Balance	263		
" —	" Discount	13			" —	" Purchases	285		
" 31	" Balance c/d	285							
		£548					£548		
					Jan 31	By Balance b/d	285		

Dr		GENERAL LEDGER ADJUSTMENT ACCOUNT						Cr		
		£	s	d			£	s	d	
19					19					
Jan 1	To Balance	1 720	-	-	Jan 31	By Cash	1 637	-	-	
" 31	Purchases	1 479	-	-	" 31	Discount Received	83	-	-	
					" 31	Balance c/d	1 479	-	-	
		<u>£3 199</u>					<u>£3 199</u>			
Jan 31	To Balance b/d	1 479	-	-						

SALES LEDGER

Dr		MOORE					Cr		
19		£	s	d	19		£	s	d
Jan 1	To Balance	574			Jan —	By Cash	546		
" —	" Sales	216			" 31	" Discount	28		
						" Balance c/d	276		
		£830					£830		
Jan 31	To Balance b/d	276							

EXERCISE IX—No 13 (*contd*)

<i>Dr</i>		ROBERTS						<i>Cr</i>		
		£	s	d				£	s	d
19 Jan 1	To Balance	£ 208	-	-	19 Jan —	By Cash	£ 198	-	-	-
" —	Sales	365	-	-	" 31	Discount	10	-	-	-
						Balance c/d	365	-	-	-
		£ 571	-	-			£ 571	-	-	-
Jan 31	To Balance b/d	365	-	-						

<i>Dr</i>		HARRISON						<i>Cr</i>		
		£	s	d				£	s	d
19 Jan 1	To Balance	£ 495	-	-	19 Jan —	By Cash	£ 466	-	-	-
" —	Sales	198	-	-	" 31	Discount	29	-	-	-
						Balance c/d	198	-	-	-
		£ 693	-	-			£ 693	-	-	-
Jan 31	To Balance b/d	198	-	-						

<i>Dr</i>		SQUIRES						<i>Cr</i>		
		£	s	d				£	s	d
19 Jan 1	To Balance	£ 363	-	-	19 Jan —	By Cash	£ 351	-	-	-
" —	Sales	457	-	-	" 31	Discount	14	-	-	-
						Balance c/d	457	-	-	-
		£ 820	-	-			£ 820	-	-	-
Jan 31	To Balance b/d	457	-	-						

<i>Dr</i>		FARROW						<i>Cr</i>		
		£	s	d				£	s	d
19 Jan 1	To Balance	£ 573	-	-	19 Jan —	By Cash	£ 545	-	-	-
" —	Sales	584	-	-	" 31	Discount	28	-	-	-
						Balance c/d	584	-	-	-
		£ 1157	-	-			£ 1157	-	-	-
Jan 31	To Balance b/d	584	-	-						

<i>Dr</i>		LONSDALE						<i>Cr</i>		
		£	s	d				£	s	d
19 Jan 1	To Balance	£ 428	-	-	19 Jan —	By Cash	£ 407	-	-	-
" —	Sales	343	-	-	" 31	Discount	21	-	-	-
						Balance c/d	565	-	-	-
		£ 771	-	-			£ 771	-	-	-
Jan 31	To Balance b/d	343	-	-						

EXERCISE IX—No 13 (contd)

Dr		GENERAL LEDGER ADJUSTMENT ACCOUNT						Cr	
19		£	s	d	19		£	s	d
Jan 31	To Cash	2 511	-	-	Jan 1	By Ledger Balances	2 645	-	-
" 31	Discounts	134	-	-	" 31	" Sales	2 223	-	-
" 31	Balance c/d	2 223	-	-		(as per SalesBk)			
		£4 868	-	-			£4 868	-	-
					Jan 31	By Balance b/d	2,223	-	-

Dr		GENERAL LEDGER STOCK ACCOUNT						Cr	
19		£	s	d					
Jan 1	To Balance	2 750	-	-					

Dr		PURCHASES ACCOUNT						Cr	
19		£	s	d					
Jan 31	To Sundries	1,478	-	-					

Dr		SALES ACCOUNT						Cr	
					19		£	s	d
					Jan 31	By Sundries	2 223	-	-

Dr		DISCOUNTS RECEIVED ACCOUNT						Cr	
					19		£	s	d
					Jan 31	By Sundries	134	-	-

Dr		DISCOUNTS ALLOWED ACCOUNT						Cr	
19		£	s	d					
Jan 31	To Sundries	134	-	-					

Dr		SUNDRY EXPENSES ACCOUNT						Cr	
19		£	s	d					
Jan —	To Cash	263	-	-					

Dr		WAGES ACCOUNT						Cr	
19		£	s	d					
Jan —	To Cash	125	-	-					

EXERCISE IX—No 13 (contd)

Dr		SALARIES ACCOUNT						Cr		
19 Jan —	To Cash	£	75	s	—	d				

Dr		PLANT AND MACHINERY ACCOUNT						Cr		
19 Jan 1	To Balance	£	2 550	s	—	d				

Dr		PARTNERS DRAWINGS ACCOUNT						Cr		
19 Jan —	To Cash (Graham)	£	35	s	—	d				
	(Winder)	35	—	—						

Dr		CAPITAL ACCOUNT—GRAHAM						Cr		
						19 Jan 1	By Balance	£	3 975	s — d —

Dr		CAPITAL ACCOUNT—WINDER						Cr		
						19 Jan 1	By Balance	£	3 975	s — d —

Dr		BOUGHT LEDGER ADJUSTMENT ACCOUNT						Cr		
19 Jan 31	To Cash	£	1 637	s	—	d	19 Jan 1	By Ledger Balances	£	1 720
" 31	Discts Received	83	—	—			31	Purchases	1 479	—
" 31	Balance c/d	1 479	—	—					£3 199	—
		£3 199	—	—			Jan 31	By Balance b/d	1 479	—

Dr		SALES LEDGER ADJUSTMENT ACCOUNT						Cr		
19 Jan 1	To Ledger Balances	£	2 645	s	—	d	19 Jan 31	By Cash	£	2 511
" 31	" Sales	2 223	—	—			31	Discts Allowed	134	—
							" 31	" Balance c/d	2 223	—
		£4 868	—	—					£4 868	—
Jan 31	To Balance b/d	2 223	—	—						

Note—It has been thought an advantage to the teacher and student to leave the General Ledger at that point which makes it possible for the General Ledger Trial Balance to be constructed

EXERCISE IX—No 14

OPENING ENTRIES

19 .		£	s	d	£	s	d
Jan 1	Cash	50	-	-			
	Bank	870	-	-			
	Stock	1,000	-	-			
	Bills Receivable	375	-	-			
	A Arthur	275	16	4			
	B Brown	361	14	2			
	F Flower	250	12	2			
	C Cook	873	5	11			
	Furniture and Fixtures	200	-	-			
	Plant and Machinery	1,700	-	-			
	To Bills Payable				420	-	-
	D Dunlop				174	13	2
	G Garnet				127	16	10
	E Ernest				86	15	9
	F Franklin				217	6	10
	Capital Account				4,929	16	-
		£5 956	8	7	£5 956	8	7

BOUGHT LEDGER TRIAL BALANCE

	£	s	d	£	s	d
D Dunlop				612	1	7
G Garnet				216	12	2
E Ernest				459	3	8
F Franklin				264	17	10
General Ledger Adjustment A/c	1 552	15	3			
	£1 552	15	3	£1 552	15	3

SALES LEDGER TRIAL BALANCE

19.		£	s	d	£	s	d
	A Arthur	514	16	1			
	B Brown	228	14	-			
	F Flower	209	12	4			
	C Cook	316	15	8			
	General Ledger Adjustment A/c				1 269	18	1
		£1 269	18	1	£1 269	18	1

PURCHASES BOOK

19			£	s	d
Jan 7	D Dunlop		612	1	7
14	E Ernest		459	3	8
21	F Franklin		275	10	6
24	G Garnet		216	12	2
			£1 563	7	11

			<i>£</i>	<i>s</i>	<i>d</i>
19 Jan	4	A Arthur	359	8	7
	13	B Bro vn	246	10	2
	18	F Flower	209	12	4
	25	C Cook	316	15	8
			<u>£1 13^o</u>	<u>6</u>	<u>9</u>

19 Jan 24	F Franklin	£ 10	s 10	d 8
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19 Jan 15	B Brown	£ 17	s 6	d 2
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No of B l	Date	To Whom Given		Tenor	Due Date	Fol	D s t	Amount
\$7	19 Jan 22	G Garnet	Dated Jan 21	2 mos	19 Mar 24		£ s d 6 7 10	£ s d 121 9

No of Btl	Date	From Whom Received		Tenor	Due Date	Fol	D set	Amount
59	19 Jan 15	F Flower	<u>Dated</u> Jan 13	6 mos	19 Mar 16		<u>£</u> <u>s</u> <u>d</u> 12 10 7	<u>£</u> <u>s</u> <u>d</u> 238 1

EXERCISE IX—No 14 (contd)

BOUGHT LEDGER

Dr		D DUNLOP					Cr		
19		£	s	d	19		£	s	d
Jan 13	To Cash	185	18	6	Jan 1	By Balance	174	13	2
13	Discount	8	14	8	7	Purchases	612	1	7
31	Balance c/d	612	1	7					
		£786	14	9			£786	14	9
					Jan 31	By Balance b/d	612	1	7

Dr			G GARNET			Cr			
19		£	s	d	19		£	s	d
Jan 22	To Bills Payable	121	9	-	Jan 1	By Balance	127	16	10
22	Discount	6	7	10	24	Purchases	216	12	2
31	Balance c/d	216	12	-					
		£344	9	-			£344	9	-
					Jan 31	By Balance b/d	216	12	2

Dr		E ERNEST					Cr		
19		£	s	d	19		£	s	d
Jan 16	To Cash	82	9		Jan 1	By Balance	86	15	9
16	Discount	4	6	9	14	Purchases	459	3	8
31	Balance c/d	459	3	8					
		£545	19	5			£545	19	5
					Jan 31	By Balance b/d	459	3	8

Dr					F FRANKLIN					Cr				
19			£	s	d	19			£	s	d			
Jan 23	To Cash	206	9	8	Jan 1	By Balance	217	6	10					
23	Discount	10	17	4	21	Purchases	275	10	6					
24	Returns	10	12	8										
31	Balance c/d	264	17	10										
		£497	17	4			£492	17	4					
					Jan 31	By Balance b/d	264	17	10					

Dr		GENERAL LEDGER ADJUSTMENT ACCOUNT						Cr	
19		£	s	d	19		£	s	d
Jan 1	To Ledger Balances	606	12	7	Jan 31	By Cash and Disc't	478	15	9
" 31	Purchases	1 563	7	11	" 31	Returns O'wards	10	12	8
					" 31	Bills Payable and			
						Discount	197	16	10
						Balance c/d	1 557	15	3
		£2 170	-	6			£2 170	-	6
Jan 31	To Balance b/d	1 557	15	3					

EXERCISE IX—No 14 (contd.)

SALES LEDGER

Dr		A ARTHUR					Cr		
19		£	s	d	19		£	s	d
Jan 1	To Balance	275	16	4	Jan 15	By Cash	282		7
" 4	" Sales	329	8	7	" 15	" Discount	13	15	9
" 24	" Bank (dishd bill, etc.)	155	7	6	" 31	" Balance c/d	514	16	1
		£799	12	5			£799	12	5
Jan, 31	To Balance b/d	514	16	1					

Dr.		B BROWN					Cr		
19		£	s	d	19		£	s	d.
Jan 1	To Balance	361	14	2	Jan 10	By Cash	343	12	6
" 13	" Sales	246	10	2	" 10	" Discount	18	1	8
					" 15	" Returns	17	16	2
					" 31	" Balance c/d	228	14	-
		£608	4	4			£608	4	4
Jan 31	To Balance b/d	228	14	-					

Dr				F FLOWER				Cr					
				£	s	d					£	s	d
19							19						
Jan 1	To Balance			250	12	2	Jan 15	By Cash			238	1	7
" 18	" Sales			209	12	4	" 15	" Discount			12	10	7
							" 31	" Balance c/d			209	12	4
				£460	4	6					£460	4	6
Jan 31	To Balance b/d			209	12	4							

Dr					C Cook					Cr				
19			£	s	d	19			£	s	d			
Jan 1	To Balance		673	5	11	Jan 22	By Cash		529	12	7			
" 27	Sales		316	15	8	" 22	Discount		45	13	4			
						" 31	Balance c/d		316	13	8			
			<u>£1190</u>	<u>1</u>	<u>7</u>				<u>£1190</u>	<u>1</u>	<u>7</u>			
Jan 31	To Balance b/d		316	15	8									

Dr		GENERAL LEDGER ADJUSTMENT ACCOUNT										Cr	
19		£	s	d	19		£	s	d				
Jan 31	To Returns	17	16	2	Jan 1	By Ledger Balances	1 761	8	7				
" 31	" Cash and Disc.	1 573	7	-	" 24	" Bills Receivable (dishd bill)	155	7	6				
" 31	" Bills Receivable	235	1	7	" 31	" Sales	1,132	6	9				
" 31	" Balance c/d	1 769	18	1									
		£3 049	2	10			£3 049	2	10				
					Jan 31	By Balance b/d	1,269	18	1				

EXERCISE IX—No 14 (contd)

GENERAL LEDGER

Dr		SALES ACCOUNT						Cr		
					19 Jan 31	By Cash Sundries		£ 1 132	s 27 13	d 5 9

Dr		PURCHASES ACCOUNT						Cr		
19 Jan 31	To Cash Sundries	£ 1 583	s 24 5	d 7 11						

Dr		BILLS RECEIVABLE ACCOUNT						Cr		
19 Jan 1	To Balance	£ 375	s	d	19 Jan 16	By Bank	£ 120	s	d	
15	F Power	238	1	7	23		155			
					26	Balance c/d	100			
					31		238	1	7	
		£613	1	7			£613	1	7	
Jan 31	To Balance b/d	238	1	7						

Dr		BILLS PAYABLE ACCOUNT						Cr		
19 Jan 15	To Bank	£ 270	s	d	19 Jan 1	By Balance	£ 420	s	d	
19		150			22	G Ga net	121	9		
31	Balance c/d	11	9							
		£541	9				£541	9		
					Jan 31	By Balance b/d	121	9		

Dr		STOCK ACCOUNT						Cr		
19 Jan 1	To Balance	£ 1 000	s	d						

Dr		SALARIES ACCOUNT						Cr		
19 Jan 31	To Cash	£ 42	s 10	d 8						

Dr		WAGES ACCOUNT						Cr		
19 Jan 4	To Cash	£ 27	s 13	d 6						
11		31	14	8						
18		4	16	9						
25		30	6	10						

EXERCISE IX--No 14 (contd.)

Dr		PETTY EXPENSES ACCOUNT						Cr	
19 Jan 31	To Cash . . .	£	s	d					
		17	4	11					

Dr		RENT, RATES, AND TAXES ACCOUNT						Cr	
19 Jan 31	To Cash	£	s	d					
		27	19	6					

Dr		DISCOUNTS ALLOWED ACCOUNT						Cr	
19 Jan 13 " 31	To F Flower " Sundries	£	s	d					
		13 75	10 10	7 9					

Dr		DISCOUNTS RECEIVED ACCOUNT						Cr	
					19 Jan 22 31	By G Garnet " Sundries	£	s	d
							6 23	7 18	10 9

Dr		RETURNS INWARDS ACCOUNT						Cr	
19 Jan 15	To R Brown	£	s	d					
		17	16	2					

Dr		RETURNS OUTWARDS ACCOUNT						Cr	
					19 Jan 24	By F Franklin	£	s	d
							10	12	8

Dr		FURNITURE ACCOUNT						Cr	
19 Jan 1	To Balance	£	s	d					
		200	-	-					

Dr		PLANT AND MACHINERY ACCOUNT						Cr	
19 Jan 1	To Balance	£	s	d					
		1 700	-	-					

Dr		CAPITAL ACCOUNT						Cr	
					19 Jan 1	By Balance	£	s	d
							4 929	16	-

EXERCISE IX—No 14 (contd)

Dr		DRAWINGS ACCOUNT				Cr	
19 Jan 27	To Cash	£ 50	s	d			

Dr		BOUGHT LEDGER ADJUSTMENT ACCOUNT				Cr			
19		£	s	d	19		£	s	d
Jan 31	To Cash and D set	478	13	9	Jan 1	By Ledger Balances	608	12	7
31	Returns Outwards	10	12	8	31	Purchases	1 563	7	11
31	Bills Payable								
	and D set	17	16	10					
31	Balance c/d	1 557	15	3					
		17 170		6			£2 170		6
					Jan 31	By Balance b/d	1 552	15	3

Dr		SALES LEDGER ADJUSTMENT ACCOUNT						Cr		
19 Jan 1	To Ledger Balances	£ 61	s 8	d 7	19 Jan 31	By Returns Inward	£ 17	s 16	d 2	
31	Sales	1 132	6	9	31	Cash and D set	1 523	7		
31	Bills Receivable (dishonoured)	155	7	6	31	Bills Receivable	238	1	7	
					31	Balance c/d	1 763	18	1	
		1 049	2	10			1 3049	2	10	
Jan 31	To Balance b/d	1 63	18	1						

GENERAL LEDGER TRIAL BALANCE

	£	s	d	£	s	d
Cash	50					
Bank	1 982	12	7			
Stock	1 000					
Sales Ledger Adjustment Account	1 269	18	1			
Bills Receivable	238	1	7			
Drawings Account	50					
Wages	132	11	9			
Salaries	47	10	8			
Petty Expenses	17	4	11			
Rent Rates and Taxes	27	19	6			
Purchases	1 588	3	1			
Returns Inwards	17	16	2			
Discounts Allowed	88	1	4			
Furniture Account	200					
Plant and Machinery	1 400					
Capital Account				4 979	16	
Bought Ledger Adjustment Account				1 552	15	3
Sales				1 160		2
Returns Outwards				10	12	8
Discounts Received				30	6	7
Bills Payable				121	9	
	7 804	19	8	7 804	19	8

EXERCISE IX—No 17.

Dr		JOINT ACCOUNT OF ADAM & BELL						Cr	
19		£	s	d	19		£	s	d
June 25	To Adams	1 600	-	-	July 10	By Bell	892	10	-
25	" Bell	1 350	-	-	17	" Adams	630	-	-
25	" Adams (Exs)	25	-	-	29	" Bell	819	-	-
25	" Bell (Exs)	10	-	-	Aug 5	" Bell	756	-	-
25	" Adams (Com)	31	10	-	Sept 30	" Adams	400	-	-
25	" Adams (Exs)	7	16	-					
July 10	" Bell (Com)	44	12	6					
29	" Bell (Exs)	40	19	-					
Aug 5	" Bell (Com)	37	16	-					
Sept 30	" Adams (Com)	20	-	-					
30	" Profit (£164/18/3 to each partner)	329	16	6					
		£3 497	10	-			£3 497	10	-

Dr		JOINT ACCOUNT IN ADAM'S BOOKS						Cr	
19		£	s	d	19		£	s	d
July 12	To Pictures	630	-	-	June 25	By Pictures	1 600	-	-
Sept 30	" Pictures	400	-	-	25	" Cash (Exs)	32	18	-
Oct 5	" Bell	819	4	3	July 17	" Commission	31	10	-
					Sept 30	" Commission	20	-	-
					30	" Share of Profit	164	18	3
		£1 849	4	3			£1 849	4	3

(The Joint Account in Bell's books is appended but only to show how the clearance of the venture is affected.)

Dr		JOINT VENTURE IN BELL'S BOOKS						Cr	
19		£	s	d	19		£	s	d
July 10	To Pictures	892	10	-	June 25	By Pictures	1 350	-	-
29	" Pictures	819	-	-	25	" Cash (Exs)	10	-	-
Aug 5	" Pictures	756	-	-	July 10	" Commission	44	12	6
					29	" Commission	40	19	-
					Aug 5	" Commission	37	16	-
					Sept 30	" Share of Profit	164	18	3
					Oct 5	" Adams	819	4	3
		£2 467	10	-			£2 467	10	-

EXERCISE IX—No 18 ✓

Dr				LEASE ACCOUNT				Cr.			
1934			£	s	d	1934			£	s	d
Apr	1	To Cash	13	200		Mar	31	By Repairs		88	
	1	Costs of Acquisition		220			31	Depreciation		1	282
	1	Alterations		770			31	Balance c/d		12	820
			£14	190					£14	190	
1935											
Mar	31	To Balance b/d	12	820							

Dr				MOTOR CAR ACCOUNT				Cr					
1934				£	s	d	1934				£	s	d
Apr 1	To Balance			170	-	-	June 30	By Creditor			120	-	-
June 30	Creditor			300	-	-	30	Depreciation (4 months @ 20%)			8	10	-
							1935						
							Mar 31	P & I A/c (loss on sale)			41	10	-
							31	Balance c/d			300	-	-
				£470	-	-					£470	-	-
1935													
Mar 31	To Balance b/d			£300	-	-							

EXERCISE IX—No 19

SALES LEDGER

Dr		PRIVATE LEDGER ADJUSTMENT ACCOUNT				Cr			
19		£	s	d	19		£	s	d
	To Returns	625	-	-		By Balance	4 031	-	-
	Cash	3 125	-	-		Sundry Debtors	35 429	-	-
	Accounts	1 314	-	-					
	Bills Receivable	2 035	-	-					
	Bought Ledger	720	-	-					
	Bought Ledger	1 052	-	-					
	Balance c/d	2 582	-	-					
		£ 3 453	-	-			£ 39 453	-	-

PRIVATE LEDGER

Dr				SALES LEDGER ADJUSTMENT ACCOUNT				Cr			
19	To Balance	£	s	d	19	By Returns	£	s	d		
	Sales as per S B	4 031	-			Cash	31 125	-			
		35 422	-			Discounts	1 314	-			
						Bills Receivable	2 035	-			
						Bought Ledger	720	-			
						Bought Ledger	1 052	-			
						Balance c/d	2 582	-			
		£ 39 453	-				£ 39 453	-			

The balance represents the indebtedness of customers to the business

EXERCISE IX—No 20

Dr		JOINT VENTURE			Cr				
19	To Cash	£	s	d	19	By Cash	£	s	d
	" Int on Capital A/cs	24 000	-	-		" Balance (loss) to	21,500	-	-
		600	-	-		Capital Accounts—			
						Robinson £1,117/5/10			
						Jones £1 020 8/4			
						Brown £962/5/10	3 100	-	-
		£ 24 600	-	-			£ 24 600	-	-

CAPITAL ACCOUNT									
Dr.					Cr				
ROBINSON									
19		£	s	d	19		£	s	d
	To joint Venture	1 117	5	10		By Cash	8 620	-	-
	" Cash	7 748	19	2		" Interest	216	5	-
						(charged against			
						venture)			
		£8 865	5	-			£8 866	5	-

Dr		CAPITAL ACCOUNT			JONES			Cr		
19	To Joint Venture	£	s	d	19	By Cash	£	s	d	
	Cash	1 020	8	4		, Interest	7 900	-	-	
		7 077	1	8		(charged against	197	10	-	
						venture)				
		£8 097	10	-			£8 097	10	-	

EXERCISE IX—No 21.

Fixed Assets are those acquired for the purpose of earning, or giving facility for earning, income

Floating Assets are those acquired by trading and the subject of trading

FIXED	FLOATING.
Plant and Machinery	Book Debts
Freehold Land	Stock in Trade
Patents	Consols, £200
	Bills Receivable
	Goodwill

EXERCISE IX—No 22.

A *Trial Balance* is a list of ALL Ledger account balances extracted with the object of proving the arithmetical accuracy of the postings

A *Balance Sheet* is a statement of Ledger account balances remaining after the preparation of the Trading and Profit and Loss Accounts and their relative accounts balanced by transfer

The error of posting a debit balance of a Personal Account to Revenue Account will not affect the Trial Balance as regards proving arithmetical accuracy

The Balance Sheet will show the Capital Account wrongly adjusted, as the item in question would have been transferred to Profit and Loss, instead of appearing as an Asset

EXERCISE IX—No 23

COLLIERY COMPANY'S BOOKS

JOURNAL

		£	s	d	£	s	d
19 .							
July 1	R Scott	3	17	6			
	To Commission				1	14	5
	1% of £172/5/-						
	To Discount				2	3	1
	5% of £172 5/- for 3 mos						
" 1	Bills Receivable	176	2	6			
	To R Scott				176	2	6
	Bill drawn @ 3 mos						
		£180	-	-	£180	-	-

EXERCISE IX—No 23 (contd)

SALES BOOK

		£	s	d	£	s	d
19 July 1	R Scott— 520 tons Silkstone Coal @ 12/6 per ton Wagon Hire (520 tons @ 9d per ton)	32	5	19 10	344	10	-
	<i>Total of Invoice</i>				£344	10	-

CASH BOOK

(Debit Side)

		£	s	d
19 July 1	To R Scott ($\frac{1}{2}$ of value of Invoice)	172	5	-

LEDGER

Dr		R SCOTT				Cr	
19 July 1	To Sales	£	s	d	19 July 1	By Cash	£ s d
1	Comms on	344	10		1	Bills Receivable	172 5
" 1	Discount	1	14	3			178 2 6
		2	3	1			
		£348	7	6			£348 7 6

Note—It has been thought unnecessary to elaborate all the single item Ledger accounts

EXERCISE IX—No 24

See *Advanced Accounts* pages 37 (under Profit and Loss Account) to 42 (inclusive)

EXERCISE IX--No. 25.

THE FLYAWAY BICYCLE CO.

TRAINING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

TRADING ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1907.													
<i>Dt</i>		£		s		d		£		s		d	
To <i>Stocks</i> : (1st Jan.)—		2 500		—		—				105,000		—	
Raw Materials		9 600		—		—							
Finished Machines										5 880		—	
Purchases								12,100					
" Productive Wages								12 500					
" Manufacturing Expenses.								16 500					
" Balance Gross Profit c/d								4 600					
								65 180					
								£110 880					

Profit and Loss Account for the year ended 31st December, 19 .

Dr		By Trading Account.		s.	d.
	£		£		
To Sundry Branch Expenses	8 000				
" Travellers' Salaries	3 000				
" Agents' Commissions	1 800				
" Bad Debts	1 650				
" Depreciation—					
Plant and Machinery	1,250				
"	49 480				
" Balance, Ngr Profit					
	£ 65,180		£ 65,180		

EXERCISE IX—No 26

I IRON S LEDGER

<i>Dr</i>		S STEEL					<i>Cr</i>		
19 Mar 1	To B's Payable	£ 126	s 10	d 6	19 June 4	By Cash	£ 126	s 10	d 6

<i>Dr</i>		BILLS PAYABLE ACCOUNT				<i>Cr</i>			
19 June 4	To Cash	£	s	d	19 Mar 1	By S Steel	£	s	d
		126	10	6			126	10	6

<i>Dr</i>		CASH ACCOUNT (Bank Column)			<i>Cr</i>				
19 June 4	To S Steel	£ 126	s 10	d 6	19 June 4	By B's Payable	£ 126	s 10	d 6

S STEELS LEDGER

<i>Dr</i>		I IRON			<i>Cr</i>				
19 June 4	To Cash	£ 126	s 10	d 6	19 Mar 1	By Bills Receivable	£ 126	s 10	d 6

<i>Dr</i>		BILLS RECEIVABLE ACCOUNT						<i>Cr</i>		
19 Mar 1	To I Iron	£	s	d	19 Mar 1	By Cash	£	s	d	
		126	10	6			126	10	6	

<i>Dr</i>		CASH ACCOUNT (Bank Column)				<i>Cr</i>	
19 Mar 1	To Bills Receivable	£	126	s 10	d 6	19 Mar 1	By Bankers D'scount
						June 4	1 Iron

<i>Dr</i>		BANKERS DISCOUNT ACCOUNT						<i>Cr</i>	
19 Mar 1	To Cash	£ 1	s 2	d 2					

(ALTERNATIVE FORM)

EXERCISE IX—No 27 (contd)

The second form of Balance Sheet differs only in the statement of the Partners Capitals which accounts are appended

LIABILITIES				LIABILITIES			
A. Added—		J. Jones—		Balance 1st Jan			
Balance 1st Jan	£	3 440	-	Add Interest	£	3 440	-
Add Interest	£	172	-	Share of Profit	£	172	-
Share of Profit	£	1 025	-		£	1 025	-
	£	4 637	-		£	4 637	-
Less Draw ngs	£	900	-	Less Dr wings	£	900	-
	£	4 137	-		£	4 137	-

EXERCISE IX—No 28 G GREGORY IN ACCOUNT CURRENT WITH N NORTON

Date	Particulars	Due Date	Days	Pro ducts	Amount	Date	Particulars	Due Date	Days	Pro ducts	Amount
19 Jan 1	To Goods	Jan 1	180	£ 50 400	£ 280	19 Feb 15	By Cash	Feb 15	135	£ 13 500	£ 100
Mar 3	Bills Pble	Apr 6	85	17 000	200	Mar 2	Goods	Mar 2	120	82 800	690
Apr 11	Cash	May 11	80	16 000	200	May 11	Goods	May 11	50	8 500	170
" 30	" Goods	May 31	30	6 960	232	June 15	Goods	July 31	31	8 990	290
May 31	" Goods	May 31	30	7 500	250	June 30	Bal of Products			2 050	
June 30	" Red Ink Int as per contra			8 990							
" 30	" Interest			106 850	5 7					106 850	
" 30	" Bal c/d				87 14 5	June 30	By Bal b/d				£1 250
					£1 250						87 14 5

EXERCISE IX--No. 29.

AVERAGE DUE DATE

£440 due 18th April, zero DATE					
250 "	36 days beyond 18th April	-	-	-	9,000
400 "	73 "	-	-	-	29,200
700 "	91 "	-	-	-	63,700
					101,900

101 900	Average due date = 18th April + 57 days	Amount due to be paid, £1,790.
<u>1 790</u>		

EXERCISE IX—No. 30

I. WALTERS & B. DOVE

ACCOUNTS RECEIVABLE FOR THE YEAR ENDED 30TH JUNE, 1911.

Dr		£	s	d	£	s	d	£	s	d
To Stock, 1st July	.	.	.	.		
" Purchases—					8	7	42			
Timber										
Ironmongery & General Stores		13,926								
Painters' & Polishers' Materials		421								
Fuel and Oil		197								
Manufactured Goods		413								
		159								
Less Purchases Returns										
		15	116							
		721								
Freight	.	.	.	.	14,395					
Wages	.	.	.	.	1,261					
Loose Tools, 1st July	.	.	.	.	12,975					
Balance, Gross Profit c/d	.	.	.	.	1,524					
					8,799					
					47	696				
								£	47	696

EXERCISE IX—No 30 (contd.)

J WALTERS & B DOVE
ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 19

5

	£	s	d	£	s	d	By Trading Account . . .	£	s	d
To Repairs and General Charges				177	-	-		8799	-	-
" Stationery and Office Expenses				350	-	-				
" Electric Light				92	-	-				
" Stable Expenses				234	-	-				
" Catalogues & Price Lists (writn off)				122	-	-				
" Discount				91	-	-				
" Advertising				189	-	-				
" Office Salaries				851	-	-				
" Interest and Commission				374	-	-				
" Postage and Telegrams				132	-	-				
" Rent Rates and Taxes				513	-	-				
" Legal Expenses and Audit Fee				127	-	-				
" Travelling Expenses				409	-	-				
" Bad Debts Res (amt required)	500									
" Less Old Reserve	207									
Depreciation—										
Land & Bldgs (amt writn off)	500			293	-	-				
Plant and Machinery	674	6								
(10% of £6743)										
Boiler and Heating Apparatus	49	16		1224	2	-				
(10% of £498)										
Interest on Capital Accounts—										
J Walters (5% of £20231)	1011	11	-							
B Dove (5% of £17217)	860	17	-	1872	8					
Bal Ner Profit to Capital A/cs—										
J Walters $\frac{1}{2}$ share	1049	2		1748	10					
B Dove $\frac{1}{2}$ share	699	8								
				£8799	-	-		£8799	-	-

EXERCISE IX—No 30 (cont'd)

J WALTERS & B DOVE
BALANCE SHEET AS AT 30TH JUNE, 19 .

[illegible]

EXERCISE X—No 2 (cont'd)

BALANCE SHEET, AS AT 31ST DECEMBER, 19 .

LIABILITIES		ASSETS	
£	s d	£	s d
Outstanding Expenses—		Cash	
Rent of Hall	8 -	Debentures	315 10 -
Printing	9 10 -	(10 £100 Bonds)	1,000 -
Capital Account—			
Balance—1st Jan	1 000 -		
Add Surplus of Income and Ex	208 -		
penditure Account			
	1 208 -		
	£1,315 10 -		£1,315 10 -

CASH ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19..

Dr.		Cr	
£	s d	£	s d
Jan -Dec		By Rent	315 10 -
To Subscriptions	140 -	" Petty Expenses	10 -
Receipts from Lectures and Concerts	232 -	" Advertising	21 -
Interest on Investments	38 -	" Printing	12 10 -
		" Balance c/d	315 10 -
			£800 -
Dec 31			
To Balance b/d	£380 -		
	315 10 -		

EXERCISE X—No. 3

THE CARLTON CLUB

INCOME AND PAYROLL TAXES ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

6

[illegible]

EXERCISE X--No 4

GREEN LANES GOLF CLUB

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

G

	£	s	d
To Club Manager's Salary	250		
Greenkeeper's Wages	150		
Rent	350		
Interest on Loan	100	8	1
Cost of Annual Dinner	53	13	8
Sundry Expenses	58	5	
Taxes and Insurance	53	10	1
Servants Wages	5	2	7
Fuel Lighting and Cleaning	7	3	4
Repairs (to net £)	38	5	9
Printing and Stationery	29	1	3
Depreciation on—	1	7	10
Club Premises (3% of £9,815/10)	3	16	6
Furniture (21% of £55 13 6)			
Librarians (15% of £25/10 2)			
Balance (surplus of Income over Expenditure)	334	15	
	£1,743	18	11

	£	s	d
By Subscriptions from Members	755		
(140 @ £5 5/)			
Add 10 Members Entrance Fees	231		
(220 @ £1 1/)			
Less Transfer to Capital	966		
New Members Subscriptions	483		
(220 @ £5 5/)			
Interest on Deposits Account			
Profit on Sale of Liquors, etc.			
Grazing Rent (1/2 year to 30th June)	22	10	
Add a pound due for 1/2 yr	2	0	
3 at Dec.			
	45		
	£1,743	19	11

EXERCISE X—No. 7

KREK KFYNCHE NURSING HOME

Dr. INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19.. Cr.

	£	s	d	£	s	d	£	s	d
To Salaries of Nurses and Superintendent									
" Wages				352	8	5			
" Salary of Secretary				124	14	3			
" Provisions Purchased	383	7	10	300					
Less Amount of Provisions in hand	37	13	4						
" Taxes and Insurance				345	14	6			
" Stationery Printing, etc				86	16	6			
" Sundry Expenses				120	6	8			
" Fuel, Lighting, and Cleaning				18	15	5			
" Auditor's Fees				108	16	6			
" Depreciation				5	5				
Premises (21% of £4 250/12/6)	108	5	4						
Furniture (3% of £827/13/4)	41	7	8						
" Repairs				147	13				
" Collector's Commission				238	3	10			
" Medical and Surgical Appliances				38	11	9			
				106	10	5			
				£2 001	18	5			
							£2 001	18	5
By Donations and Subscriptions									
" Fees paid by Patients							806	2	8
" Interest on Deposit Account							1,084	16	10
" Dividends on Investments							13	9	8
" Balance (deficit of Income and Expenditure)							62	1	9
							43	13	6

BALANCE SHEET AS AT 31ST DECEMBER, 19

	£	s	d	£	s	d
LIABILITIES						
Creditors						
L. Loop, Endowment Fund						
Capital Account—						
Balance 1st Jan	8,480	16	6			
Less current year's loss on Income and Expenditure	43	13	6			
				8,437	3	
				£7,437	3	
Assets						
Cash on Current Account				362	4	8
" on Deposit Account				350		
Provisions in hand						
Investments						
Furniture and Fixtures				827	13	4
Less Depreciation				41	7	8
Buildings				4 250	12	6
Less Depreciation				106	5	4
				766	5	8
				4,144	7	2
				£7,437	3	

EXERCISE X—No 8

Dr LEDGER OF MESSRS TUDOR & MANN LTD Cr

		£	s	d			£	s	d
1938					1938				
Sept 30	To J Smith	165	10		Nov 16	By Cash	£	50	3 4
30	K Brown	18	5		Dec 9			18	3
1939					30			8	—
Mar 31	O Robinson	43	3	10	1939				
31	N White	102	5	4	Mar 31	Balance b/d	260	2	7
		£329	4	2			£329	4	2
		£	s	d			£	s	d
1939					1939				
Mar 31	To Balance	260	2	7	Mar 31	By Profit and Loss A/c	£	976	—
31	Bad Debts Reserve	110	18					—	7
		£376	—	7			£376	—	7

Dr PROFIT AND LOSS ACCOUNT Cr

		£	s	d					
1939									
Mar 31	To Bad Debts	376	—	7					

(a) Reserve 1938 was	1632 9	£221 10
+ 2½ per cent of £1632 9 10s less £21 10s		402 14
		£624 4
Reserve 1939 was		£492 10
+ 2½ per cent of £10 196 10s less £49 10s		24 12
		£730 2
Additional charge to Bad Debt. Account		£110 18

EXERCISE X—No 9

This is as Example on pages 328-330 (inclusive) of *Advanced Accounts* except that No 9 is double the figures employed in the Example

EXERCISE X—No 10

SLLETHORPE PROGRESSIVE CLUB

1. COME AND TALK WITH ME FOR THE YEAR ENDED 31ST DECEMBER 19 . Cr

	£	s	d	£	s	d
To Printing and Stationery				127	13	8
" Repairs				175	10	2
" Salary of Secretary				120		-
" Servants' Wages				972	13	6
" Rent				250		
" Rates and Taxes				78	10	6
" Fuel Lighting Cleaning and W. rebng				257	13	7
" Legal Expenses				6		6
" Expenses of Soda				20	10	10
" Depreciation—						
Furniture and Fixtures	47	11	7			
(10% of £475 15)						
Alterations and Improvements to						
Premises	125	-		167	11	7
" Balance surplus of Income over Ex-				230	18	7
penditure						
				£1,897	8	5

BALANCE SHEET AS AT 31st DECEMBER 19

[illegible]

EXERCISE X—No. 11

The criticisms are set out in the Answers to Exercises at the end of *Advanced Accounts*

EXERCISE X—No 12

D*	INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19	C*																																																
	<p>To Salaries Deputation Fees & Expenses Cost of Annual Dinner and Entertainment Journal Expenses Postages General Expenses Printing and Stationery Year Book Expenses Rent Rates and Taxes Fuel Lighting and Cleaning Lecture Expenses Legal Expenses Auditors Fees Balance (surplus of income over expenditure)</p>	<table border="1"> <thead> <tr> <th>f</th><th>s</th><th>d</th></tr> </thead> <tbody> <tr> <td>327</td><td>10</td><td>6</td></tr> <tr> <td>40</td><td>-</td><td>-</td></tr> <tr> <td>79</td><td>13</td><td>11</td></tr> <tr> <td>146</td><td>8</td><td>5</td></tr> <tr> <td>15</td><td>-</td><td>-</td></tr> <tr> <td>10</td><td>14</td><td>4</td></tr> <tr> <td>37</td><td>2</td><td>9</td></tr> <tr> <td>136</td><td>7</td><td>7</td></tr> <tr> <td>346</td><td>12</td><td>6</td></tr> <tr> <td>58</td><td>6</td><td>2</td></tr> <tr> <td>75</td><td>-</td><td>-</td></tr> <tr> <td>7</td><td>12</td><td>6</td></tr> <tr> <td>10</td><td>10</td><td>-</td></tr> <tr> <td>210</td><td>9</td><td>5</td></tr> <tr> <td>£1492</td><td>8</td><td>1</td></tr> </tbody> </table>	f	s	d	327	10	6	40	-	-	79	13	11	146	8	5	15	-	-	10	14	4	37	2	9	136	7	7	346	12	6	58	6	2	75	-	-	7	12	6	10	10	-	210	9	5	£1492	8	1
f	s	d																																																
327	10	6																																																
40	-	-																																																
79	13	11																																																
146	8	5																																																
15	-	-																																																
10	14	4																																																
37	2	9																																																
136	7	7																																																
346	12	6																																																
58	6	2																																																
75	-	-																																																
7	12	6																																																
10	10	-																																																
210	9	5																																																
£1492	8	1																																																
	<p>By Subscriptions Interest on Investments Proceeds of Sale of Journal</p>	<table border="1"> <thead> <tr> <th>f</th><th>s</th><th>d</th></tr> </thead> <tbody> <tr> <td>1272</td><td>10</td><td>6</td></tr> <tr> <td>44</td><td>2</td><td>3</td></tr> <tr> <td>175</td><td>15</td><td>4</td></tr> <tr> <td>£1492</td><td>8</td><td>1</td></tr> </tbody> </table>	f	s	d	1272	10	6	44	2	3	175	15	4	£1492	8	1																																	
f	s	d																																																
1272	10	6																																																
44	2	3																																																
175	15	4																																																
£1492	8	1																																																

EXERCISE X—No. 13

RECEIPTS AND PAYMENTS ACCOUNT

FOR THE YEAR ENDED 31st DECEMBER, 19 :

Cf.

Receipts		Payments	
£	s d	£	s d
To Balance, 1st Jan	274 13 2	By Furniture Purchased	25 15 6
" Subscriptions	45 10 6	" Stationery and Printing	14 13 2
" Sale of Tickets for Annual Dinner	66 10 8	" Post and Petty Expenses	10 9 8
" Interest on Deposit Account	3 10 5	" Expenses of Annual Dinner	47 2 10
		" Grants for Benevolent Purposes	15 15 -
		" Cost of Unwearing Coat of Arms	9 3 5
		Balance c/d	273 5 8
			£800 4 7
To Balance b/d	273 5 8		

EXERCISE X—No 14

C BARRAND IN ACCOUNT CURRENT WITH P SMITH

5

[illegible]

EXERCISE X—No 15

13th April	£3 500	zero	
11th May	£5 200	28 days	= £145 600
12th June	£2 300	60	= £138 000
	<u>£11 000</u>		<u>£283 600</u>

Average due date $\frac{283\ 600}{11\ 000} = 26$ days beyond 13th April = 9th May

A bill for £11 137 10s must be drawn payable 12th August 19 (allowing for 3 days grace)

EXERCISE X—No 16

See *Advanced Accounts* pages 14 15 (under Reconciliation Account)

EXERCISE X—No 17

A Suspense Account is raised for items upon which queries have been entertained and for that reason they are in suspense until the doubts have been cleared. It is also used as a TOTAL account for outstanding and unexpired values

- (a) I A Claim pending settlement
 II Unexpired Values of Insurance etc
 III Outstanding Amounts for Rent Wages etc
- (b) I Disagreement of Trial Balance
 II Expenditure not allocated i.e. Incidental Expenses
 III Any errors or omissions in posting which an indifferent staff may wish to cover—instead of ad ust

Note—A Suspense Account is sometimes called A Difference in Books Account when it is raised for purposes stated under b

EXERCISE X—No 18

See *Advanced Accounts* page 19 (under Advantages and Disadvantages respectively)

EXERCISE X—No 19

JOURNAL OF JACKSON & CO

19		£	s	d	£	s	d
	Williamson & Co	1	7	9			
	To Commission					12	4
	1% of £61/13/4						
	To Discount					15	5
	5% of £61/13/4 for 3 mos						
	<hr/> Bills Receivable	63	1	1			
	To Williamson & Co				63	1	1
	Bill drawn @ 3 mos for value of invoice plus commission and discount as arranged						
		<u>£64</u>	<u>8</u>	<u>10</u>	<u>£64</u>	<u>8</u>	<u>10</u>

EXERCISE X No 19 (contd)

SALES BOOK

19 .		£	s	d
	Williamson & Co — 25 tons Hematite Iron @ 49/4 Terms Cash 1 mo	61	13	4

CASH BOOK
(DEBIT SIDE)

19		£	s	d
	To Bills Receivable	63	1	1

LEDGER

Dr		WILLIAMSON & Co			Cr				
19	To Sales , Commission , Discount	£	s	d	19	By Bills Receivable	£	s	d
		61	13	4			63	1	1
			12	4					
			15	5					
		£63	1	1			£63	1	1

Dr		BILLS RECEIVABLE ACCOUNT					Cr		
19	To Williamson & Co	£	s	d	19	By Cash	£	s	d
		63	1	1			63	1	1

EXERCISE X—No 20

Dr GENERAL LEDGER ADJUSTMENT ACCOUNT (IN SALES ENTER)

Cr

19 Mar 31		£	s	d	19 Mar 31		£	s	d
	To Returns Inwards (as per Returns Inward Book)	471		-		By Debtors Balances (as per Opening Entries)	6 271		-
31	Cash (as per Cash Book)	7 810	10		31	Sales to Customers (as per Sales Book)	10 829	-	-
31	Discounts	484				Bills Receivable (as per Journal)	271	-	-
31	Bills Receivable (as per Bills Receivable Book)	1 735	10		31				
"	Balance c/d	6 870	-						
		17 371					17 371	-	-
					Mar 31	By Balance b/d	6 870	-	-

EXERCISE X—No. 21.

See *Advanced Accounts*, pages $\left\{ \begin{array}{l} 218 \text{ (under "Formula, etc.")} \\ 222 \text{ (under "Formula, etc.")} \end{array} \right.$

EXERCISE X—No. 22

AVERAGE DUE DATE

Amount		Products.	
£		£	
1,050	due 18th July		Average due date
660	" 91 days before 18th July	60,060	= 18th July
375	" 55 " "	20,625	- 34 days
600	" 18 " "	10,800	= 14th June
<u>£2,685</u>	91,485 ÷ 2,685 gives 34 days	<u>£91,485</u>	Amount due to be paid, £2,685.

EXERCISE X—No. 23

S SUND'S LEDGER

Dr		M MOON				Cr			
19 Apr. 1	To Bills Payable .	£ 150	s -	d -	19 Apr 1 July 4	By Cash " Discount " Cash .	£ 74 75	s 5 -	d 11 -
		£150					£150		

Dr.		BILLS PAYABLE ACCOUNT				Cr.			
19 July 4	To Cash . . .	£ 150	s -	d -	19 Apr 1	By M Moon	£ 150	s -	d -

Dr		DISCOUNT ACCOUNT		Cr	
19 Apr. 1	To M Moon	£	s d		
		<u>£</u>	<u>14 1</u>		

Dr		CASH BOOK				Cr.	
		Bank.				Bank.	
19. Apr 1 July 4	To M Moon . , M Moon	£ 74 75	s 5 —	d 11 —	19 July 4	By Bills Payable .	£ 150 —

EXERCISE X—No 23 (contd)

CASH BOOK

(M MOON S)

Dr		(M O O N S)				Cr		
		B n k				Bank.		
		£	s	d		£	s	d
19 Apr 1	To Bills Receivable	150	-		19 Apr 1 July 4	By Banker's Discount S Sund S Sund	1 74 75	8 11 -

M MOON S LEDGER

S SUND

Dr		S SUND				Cr	
19 Apr 1	To Cash	£ 74	s 5	d 11	19 Apr 1	By Bills Receivable	£ 150
1	Discount		14	1			
July 4	Cash	75					
		£150					£150

BILLS RECEIVABLE ACCOUNT

Dr		BILLS RECEIVABLE ACCOUNT				Cr			
19 Apr 1	To S. Sund	£ 150	s	d	19 Apr 1	By Bank	£ 150	s	d

DISCOUNT ACCOUNT

Dr		DISCOUNT ACCOUNT				Cr			
19 Apr 1	To Bank	£	s	d	19 Apr 1	By S Sund Profit and Loss	£	s	d
		1	8	2			1	14	1
		£1	8	2			£1	8	2

A STEVENSON & L LANNING'S JOINT CONSIGNMENT ACCOUNT

Cv

	Mths	Int	Amount		Amount
		£ s d	£ s d		£ s d
19					
Jan 1	5	22 18 4	1,100 - -	By Account Sales	1,640 - -
" 1	5	1 9 2	70 - -	" Interest (1 mo @ 5% on £1,640)	8 16 8
" 1	5	20 5 5	25 4 -		
" 1	5	1 3 -	2 10 -		
Feb 1	4	10 4 -	30 - -		
" 1	4	13 4 -	40 - -		
Apr 30	1	2 6 4	30 - -		
" 30	1	8 4 -	100 - -		
May 31			26 13 4		
" 31			111 4 8		
" 31			111 4 8		
			£1 640 16 8		£1 640 16 8

EXERCISE X No 24 (co 1d)

JOINT CONSIGNMENT ACCOUNT IN L L ANGS BOOKS

C3

Date	Mths	Int	Amount		Amount
			£	s d	
19					
Feb 1	4	£ 10	30		£ 1640
Feb 1	4	13 4	40		6 16 8
Mar 3	1	2 6	30		
Apr 30	1	8 4	100		
May 30	3	7 10	600		
May 31			9 4	2 8	
			111 4	8	
			726	7 10	
			£ 1646	16 8	£ 1646 16 8

JOINT CONSIGNMENT ACCOUNT IN A STEVENSON'S BOOKS

5

	Mths	Int	Amount		Amount
19					
Ja	5	£ 22 18 4	£ 1 7 0	19	£ 6 00
1	5	1 9 2	70 -	May 31	7 10
1	5	10 5	25 4	31	726
1	5	1 3	2 10		7 10
May 31					
31			24 19 2		
			111 4 8		
			£ 1 333 17 10		£ 1 333 17 10

EXERCISE X—No 25

TRADING AND PROFIT

Dr

To Stock, 1st Jan	10 724 12 5
“ Purchases	591 4 6
“ Less Returns Outwards	
“ Carriage Inwards	
“ Wages (Factory and Warehouse)	
“ Manufacturing Expenses	
“ Balance Gross Profit c/d	

By Sales
Less Returns Inwards
Stock, 31st Dec.

By Trading Account Rents Received	
--------------------------------------	--

To Office Salaries	470 4 10
“ General Expenses	
“ Rates, Taxes, and Insurance	
“ Less Insurance Unexpired	
“ Rates Paid in Advance	

By Trading Account Rents Received	
--------------------------------------	--

Repairs and Renewals	
Legal Expenses and Audit Fee	
Travelers' Expenses and Commission	
Advertising (20% of £27 750/10/- (Net Sales))	
Discount Account	
Carriage Outwards	
Postages and Stationery	
Road Taxes	
Bad Debts Reserve (24 of £7 682/19/4)	
Depreciation— Plant Machinery etc (10% of £1 489/0/8)	
Interest on Capital Account— Skinner (5% of £11 679/3/11)	
“ Fuller (5% of £11 679/3/11)	
Balance, Net Profit c/d	

To Reserve for Employees (1 share)	
“ J. Skinner's Capital Account (1 share)	
“ H. Fuller's Capital Account (1 share)	

MR J. SKINNER & H. FULLER

TRADING AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19 .

£	s	d	£	s	d	£	s	d
10 724	12	5	7 047	11	4	28 490	15	—
591	4	6	10 379	7	11	1 240	8	—
			374	3	3			
			2 556	17	4			
			371	12	4			
			14 181	10	—			
			34 705	2	2			
			979	7	6			
			174	19	7			
			427	9	2			
			142	3	—			
			67	2	—			
			547	7	7			
			5 550	2	—			
			124	18	1			
			557	4	7			
			243	14	1			
			141	9	4			
			199	11	4			
			148	18	8			
			1 192	18	6			
			3 780	11	7			
			14 257	10	—			
			708	2	3			
			1 512	4	8			
			1 512	4	8			
			14 257	10	—			
			3 780	11	7			
			14 257	10	—			
			3 780	11	7			
			14 257	10	—			
			3 780	11	7			

EXERCISE X--No 25 (cont'd)

MESSRS J SKINNER & H FULLER
BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES		Assets	
£	s d	£	s d
Sundry Creditors		Cash in hand	112 12 7
Reserve for Employees		Cash at Bank	1 110 19
Capital Accounts—			1 223 11 7
<i>J Skinner</i>		Sundry Debtors	7 982 13 4
Balance 1st Jan	11 679 3 11	Less Bad Debts Reserve	199 11 4
Add Interest	608 19 3		7 783 2 2
Share of Profit	1 512 4 8		6 954 12 2
	13 800 7 10	Stock	1 489 6 8
Less Drawings	971 10	Plant Machinery and Fixtures	148 18 8
		Less Depreciat on	1 340 8 -
		Advertising	12 127 4 2
		Less Amount written off	5 550 2 -
			6 577 2 2
<i>H Fuller</i>		Freehold Land and Buildings	6 237 16 -
Balance 1st Jan	11 679 3 11	Unexpired Values—	
Add Interest	583 19 3	Insurance	18 8 2
Share of Profit	1 512 4 8	Rates	24 7 6
	13 775 7 10		
Less Drawings	842 12 6		42 15 8
			£ 30 159 7 7

EXERCISE X—No. 26

JOURNAL

19..	Joint Account	£	s	d	£	s	d
	To Walker & Co	1 050			1 050		
	For goods purchased on joint speculation with R Roberts						
	Marshman & Co	650			650		
	To Joint Account						
	For sale of part of goods purchased on joint speculation						
	Joint Account	75			75		
	To Commission						
	5% of £1 500						
	Joint Account	160			160		
	To R Roberts						
	For transfer of share of profit due to R Roberts						
		£1 935	-	-	£1 935	-	-

PURCHASES BOOK

19	Joint Account (Goods bought on Joint Account taken into stock)				<u>400</u>	<u>—</u>	<u>—</u>
----	--	--	--	--	------------	----------	----------

LEDGER

Dr		CASH ACCOUNT				Cr			
19	To R Roberts " Joint Account	£	s	d	19	By Joint Account (Expenses)	£	s	d
		52	-				53		
		450							

Dr		JOINT ACCOUNT				Cr	
19	To Walker & Co . " Cash (Expenses) " Commission " R. Roberts " Profit and Loss	£	s	d	19 .	By Marthman & Co " Cash " Purchases	£ s d
		10 50	-	-		6 50	- -
		50	-	-		4 50	- -
		73	-	-		4 00	- -
		160	-	-			
		180	-	-			
		£1 500	-	-		£1 500	- -

EXERCISE X—No 27

JOURNAL OF DOBSON & CO

			£	s	d		£	s	d
19 May 8	Fred Hunting To Braim & Son Sale of Goods received on consignment inwards	Dr	400				400		
24	Braim & Son To Handling Charges (5s per ton on 20 tons) To Commission (5 per cent of £615 value of sale of Goods received on con- signment inwards)	Dr	35	15			5		
							30	15	

Dr CASH BOOK OF DOBSON & CO Cr

		£	s	d			£	s	d
19 May 24	To Cash (Auction Sales)	21			19 May 10	By Braim & Son (Car riage)	9	7	6
					13	Braim & Son (Freight etc)	24	8	9
					24	Braim & Son	34	8	9

LEDGER OF DOBSON & CO

Dr BRAIM & SON Cr

		£	s	d			£	s	d
19 May 10	To Cash	9	7	6	19 May 8	By F Hunting Cash	400		
13		24	8	9	12		215		
" 24	Handling Charge	5							
24	Commission	30	15						
24	Bank	34	8	9					
		£615					£615		

EXERCISE X—No 28

(a) See *Advanced Accounts* page 214 (under Definition)(b) See *Advanced Accounts* page 226 (under Definition)For explanation of Uncompleted Consignments see *Advanced Accounts* page 217 (under Balancing the Consignment Account)

EXERCISE X—No 29

Cr

L LACEY IN ACCOUNT CURRENT WITH B BOOT

Dr

Date	Particulars	Due Date	Amount	Days	Pro-ducts	Date	Particulars	Due Date	Amount	Days	Pro-ducts
19 . 1	To Balance					19	By Cash	Feb 10	£ 120	-	£ 18 800
Jan 25	" Bills Payable	Mar 28	255	13	181	Feb 23	" Goods	May 19	478	9	60,706
Feb 25	" Cash		200	-	94	May 19	" Goods	June 8	228	19	9,434
Mar 10	" Cash		150	-	112	June 8	" Goods	June 25	113	9	2,488
Apr 12	" Goods	May 12	381	1	49	June 25	" Cash	"	200	-	1,000
Apr 13	" Cash		100	-	15	"	" Balance of Products	"			17,029
June 15	" Cash		408	7	10	30	" Balance c/d	"	456	10	£107,555
" 20	" Goods					30	"	"			
" 30	" Interest $\left(\frac{17,029 \times 10}{360} \right)$		2	6	8				£1,593	8	4
June 30	To Balance b/d										
			456	10	-						

EXERCISE X—No 30

JOURNAL

19		£	s	d	£	s	d
	B Bowman To Bills Payable Our acceptance at 1 mo	200	—		200		
	R Brown To B Bowman Sale of part of goods received on consignment	350			350	—	
	Purchases Account To B Bowman Balance of goods received on consignment	300			300		
	B Bowman To Commission 5% of £1 000	50	—		50		
		£900			£900		

Dr

CASH BOOK

Cr

19		£	s	d	19		£	s	d
	To B Bowman (Sale of part of his consignment)	350				By B Bowman (Cartage & Exps)	20		
						B Bowman (Balance due on his consignment)	730		

LEDGER

B BOWMAN

Dr

Cr

19		£	s	d	19		£	s	d
	To Cash Bills Payable Commission Cash	20	00	50		By R B own Cash Purchases	350	350	300
		730							
		£1 000					£1 000		

THE NEFDI FBORT TRADING CO

TRADING AND PROFIT AND LOSS ACCOUNTS FOR THE PERIOD ENDED

Date	Particulars	Lincolum Dept	Carpet Dept	Total	Date	Particulars	Lincolum Dept	Carpet Dept	Total
19	To Stocks at commencement	£ 1856	12 3	7 8	19	By Sales—NET	£ 21 446	8 4	10 723
	Purchases NET	8 48	3 4	3 649		Stocks at close	1 754	9 6	2 971
	Wages	3 958	14 5	2 2017					
	Manufacturing Expenses	2 075	5 6	1 474					
	Balance (gross profits)	1 825	2 4	1 368					
		£ 23 000	17 10	12 795			£ 23 200	17 10	12 795
				1 8				1 8	35 995
	To Salaries	2 045	13 9	1 022		By Trading Accounts	6 825	2 4	3 368
	Rent Rates and Taxes	1 193	3 1	596					
	General Expenses	611	5 10	305					
	Balance (NET profits)	2 974	19 8	1 443					
		£ 6 825	2 4	£ 3 368			£ 6 825	2 4	£ 3 368
				6 7				6 7	10 193
				8 11					8 11

MESSRS JEFFREY, SLATER & GIBBS

Dr TRADING AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cr

	A Dept		B Dept		Total	A Dept		B Dept		Total
	£	s d	£	s d	£	£	s d	£	s d	£
To Stocks 1st Jan	32 516	11 8			40 014					
" Purchases	61 867	16 7	7 497	12 6	69 506	81 082	13 11	46 916	19 8	127 999
" Balance (gross profits)	18 256	16 1	36 518	14 9	54 774	31 678	10 5	8 918	16 8	40 597
	£112 781	4 4	£55 835	16 4	£168 597	£112 781	4 4	£55 835	16 4	£168 597
To Trade Expenses :	9 027	14 3	4 180	10 11	13 187	18 256	16 1	11 819	9 1	30 076
" Discounts Allowed	2 016	17 4	1 628	10 3	3 645	1 856	4 4	1 534	5 6	3 390
" House-keeping Expenses	1 632	5 7	1 079	14 2	2 711					
" Balance	7 436	3 3	6 485	16 1	13 922					
(Net profits of Department)										
	£20 113	5 5	£13 353	14 7	£33 466	£20 113	- 5	£13 353	14 7	£33 466

GENERAL PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

	£	s d	£	s d	£	£	s d	£	s d	£	s d
To Interest on Capital Accounts—											
Jeffrey (5% of £2 3518/10/2)	1 175	16 6				A				7 436	3 3
Slater (5% of £16 379/4/8)	818	19 3				B				6 485	19 1
Gibbs (5% of £13 178/18/7)	658	16 10									
			2 653	12 7							
Balance (Profit) to Capital A/cs—											
Jeffrey, 1 share	3 756	3 3									
Slater, 1 share	3 756	3 3									
Gibbs, 1 share	3 756	3 3	11 268	9 9							
										£13 922	2 4

EXERCISE XI—No. 5

MESSRS DAVIS & SMITH

DEPARTMENTAL TRADING AND PROFIT AND LOSS ACCOUNTS FOR HALF YEAR ENDED 31ST DECEMBER 19

(Dr side)		No 1 Dept		No 2 Dept		No 3 Dept		No 4 Dept		No 5 Dept		Total	
		f	s d	f	s d	f	s d	f	s d	f	s d	f	s d
To Stocks 1st July		373	10 2	378	11 9	402	19 6	537	15 6	567	13 3	2,480	10 2
By Purchases		1,127	4 11	1,310	1 4	1,298	6 11	1,273	3 3	1,603	3 3	6,613	2 7
By Depreciation £81/12/5 + Rent £11/2		85	3	141	18 4	168	13 8	255	9	912	4 4	993	8 4
By Balance Brought Forward		151	11 8	173	3 1	195	4 7	221	8 5	256	19 11	988	7 8
		£1,737	9 9	£2,103	13 3	£2,096	3 10	£2,287	16 2	£2,440	5 9	£11,065	8 9
(Cr side)		No 1 Dept		No 2 Dept		No 3 Dept		No 4 Dept		No 5 Dept		Total	
		f	s d	f	s d	f	s d	f	s d	f	s d	f	s d
By Sales		1,309	14 5	1,572	3 10	1,538	15 6	1,719	18 3	2,082	11 5	8,323	3 5
By Depreciation		427	15 4	531	9 5	457	8 4	567	17 11	757	14 4	2,742	5 4
		£1,737	9 9	£2,103	13 3	£2,096	3 10	£2,287	16 2	£2,840	5 9	£11,065	8 9

GENERAL PROFIT AND LOSS ACCOUNT FOR HALF YEAR ENDED 31st DECEMBER 19

	<i>f</i>	<i>s</i>	<i>d</i>	<i>£</i>	<i>s</i>	<i>d</i>		<i>f</i>	<i>s</i>	<i>d</i>	<i>£</i>	<i>s</i>	<i>d</i>
To Interest on Capital Accounts— Davis (5% of £1925 for 6 mos.)	48	2	6				No 1	151	11	8			
Smith (5% of £1925 for 6 mos.)	48	2	6				No 2	173	3	1			
				98	5		No 3	195	4	7			
	451	1	4				No 4	221	8	5			
. Balance (Net Profit) to Capital Accounts—Davis & share Smith & share	451	1	4	902	2	8	No 5	256	19	11			
											998	7	8
											£998	7	8

EXERCISE XI—No. 5 (cont'd)

MESSRS DAVIS & SMITH

BALANCE SHEET AS AT 31ST DECEMBER 19..

[illegible]

EXERCISE XI—No. 7

THE TOILET SPECIALTIES CO

Dr TRADING AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 19.. Cr.

	Excess Hair Cream	Dr. Loose Tooth Paste	Total	By Sales—	Excess Hair Cream	Dr. Loose Tooth Paste	Total
To Sales—				By Sales—			
Raw Materials 1st Indt.	£ 807 13 8	£ 316 4 5	1,123 18 1	Hair Cream	£ 7,273 7 4	£ 11,492 12 5	18,765 19 9
Manufactured Hair Cream etc	713 9 10	307 18 9	1,021 8 7	75 808 bottles @ 1/11 per bot.)			
Bottles Labels etc	307 10 8	246 15 3	554 5 11	Tooth Paste			
" <i>Prizes</i> —				(498 878 boxes @ 5/4d per box)			
Raw Materials	727 4 9	517 6 5	1,244 11 2	" <i>Slacks</i> —			
Bottles, Labels, etc	518 5 5	323 14 6	841 19 11	Raw Materials	618 10 8	961 11 4	1,579 22 2
Wages	707 14 2	734 7 8	1,442 1 11	Manufactured	543 17 6	578 5 6	1,121 23 2
" <i>Manufacturing Expenses</i>	208 10 7	243 16 7	452 27 4	Bottles, Labels, etc.	238 12 2	247 15 7	485 27 9
" <i>Balance gross profits of Departments</i>	4,621 18 8	9,790 4 3	14,352 2 9				
	£ 8,672 7 8	£ 12,420 7 10	21,092 15 6		£ 9,672 7 8	£ 12,420 7 10	22,092 15 6
To Salaries	53 9 9	371 5 8	427 15 5	By Trading Accounts	4,621 18 6	9,790 4 3	14,352 2 9
" Advertising	778 11 3	5 117 12 7	5,895 310				
" Postages	66 17 3	439 10 5	506 7 9				
" Rent, Rates and Taxes	95 8 1	692 7 10	723 16 9				
" Sundry Expenses	41 19 7	275 18 11	317 18 6				
" <i>Balance Net Profit of Departments</i>	3 582 11 9	2,888 8 10	6,461 7				
	£ 4,621 18 6	£ 9,790 4 3	14,352 2 9		£ 4,621 18 6	£ 9,790 4 3	14,352 2 9

Note—The undivided Expenses are borne in the following proportions. { Hair Cream Dept., -132045.
Tooth Paste Dept., -867955,

G. GREASLEY

EXERCISE XI—No 15 (cont'd)

15 (cont.)

D _r	L	S	d	L	S	d
To Bad Debts	47	15	4	By Trading Accounts—	2529	12 S
" Salaries	617	3	3	Eng ne Department	2109	5 9
" Rent Rates and Taxes	486	13	4	Repairs Department	41	17 8
" Gas and Electric Light	57	14	5	D accounts		
" Insurance	158	5	6			
" Office Expenses	146	8	9			
Addition to Bad Debts Reserve	15					
" Depreciation Office Furniture (5% of £227/13/10)	11	7	8			
" Interest on Capital Account (5% of £5165/14 9)	258	5	9			
" Balance Net Profit to Capital Account	2 942	2	10			
	£4 680	15	10		£4 680	15 10

VERDIEBT Vt No. 4

ENGINEERING SUPPLIES CO

EXERCISE XI—No 16

EXHIBIT A-1-10

DEPARTMENTAL TRADING AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 1911														
		Works Dept.			Retail Dept.			Total						
		f	s	d	f	s	d	f	s	d	f	s	d	
To Stocks 1st Jan		1 058	10	6	6 573	14	8	7 630	5	2				
Purchases		8 743	5	10	32 858	18	9	41 400	4	7				
Wages		7 426	19	5	914	10	3	8 341	9	8				
"		620	13	4	1 456	7	8	2 077	1					
"		4 063	17	10	6 835	2	1	11 498	19	11				
" Balance gross profits of Departments		£ 22 511	6	11	48 436	13	5	70 948		4				
To Office Salaries		526	15	6	507	6	6	1 034	2	9				
Office Expenses		206	4	11	572	15	10	779	8	2				
Rent Rates and Taxes		463	17	8	325	10	6	789						
Allocation to Retail Debits Reserve		4	10		4	10		9						
Bad Debts		312	15	6	116	16	11	229	12	5				
Interest on Salary		500			500			1 000						
Balance Net Profit of Departments		2 819	14	9	4 808	2	4	7 657	16	7				
		£ 4 063	17	10	£ 8 895	9	1	11 498	19	11				

EXERCISE XI—No 16 (cont'd)

ENCOUNTERING SUPPLIERS CO

ENGINEERING SUPPLIES CO
 YEAR ENDED 31ST DECEMBER 19..

[illegible]

EXERCISE XI—No 17

See *Advanced Accounts* pages 3 (under Systems of Accounting) 4 and 5 also page 2 (under Accounts)

EXERCISE XI—No 18

See *Advanced Accounts* page 31 (under sub heading Difference between a Trading Account and a Profit and Loss Accounts)

The accounts from which the Trading and Profit and Loss Accounts are prepared are—

TRADING	PROFIT AND LOSS
Stock	Carriage Outwards
Work in Progress	Rent
Purchases	Rates and Taxes
Sales	Salaries
Carriage	Wages (NON productive)
Wages (Product ve)	Discount
Expenses (Manufacturing), etc	Commission
	Insurance
	Interest etc

EXERCISE XI—No 19

A suitable form of Cash Book for a large institution such as a County Asylum or Hydropathic Institution would be as described on page 12 of *Advanced Accounts* (under Bank Cash Book) and illustrated on pages 290 and 291

It would not be necessary to have the SALES column as institutions are NON trading concerns Modifications of rulings to the right of the Bank column may be made to suit the particular requirements of the institution

EXERCISE XI—No. 20.

JOURNAL OF ROBERT SAWYER

		£	s	d	£	s	d
19.							
(1)	Fire Insurance Unexpired	25	-	-	25	-	-
	To Fire Insurance						
	Transfer of prepaid insurance						
(2)	Salaries	125	-	-	125	-	-
	To Salaries Reserve						
	Provision made for salaries due to partners A, B, and C						
(3)	Cash	100	-	-	100	-	-
	To R Robinson (Contractee)						
	For receipt of £100 in full settlement of contract price						
	R Robinson (Contractee)	50	-	-	50	-	-
	To Contract (R Robinson's)						
	Transfer of amount equivalent to half of value of contract						
	Contract (R Robinson's)	39	-	-	39	-	-
	To Materials and Wages, etc						
	For materials and labour on contract						
	Contract Account	11	-	-	11	-	-
	To Profit and Loss Account						
	For estimated profit on completed portion of contract						
(4)	Depreciation	78	11	5	78	11	5
	To Patents						
	$\frac{1}{4}$ of £550 written off.						

EXERCISE XI—No 20 (contd)

JOURNAL OF ROBERT SAWYER (contd)

19		£ s d			£ s d		
		£	s	d	£	s	d
	Patent Fees (Renewal)	7	7	-			
	To Patents				7	7	-
	Transfer of patent fees						
	Profit and Loss Account	7	7				
	To Patent Fees				7	7	-
	Transfer of balance						
(5)	Depreciation Account	20	8	2			
	To Machinery Account				20	8	2
	Original Cost £200 @ £120						
	Less 10% 20 12						
	Value at end of 1st yr £180 £108						
	Less 10% 18 10 16						
	Value at end of 2nd yr £162 £97 4						
	Less 10% 16 4 9 14 5						
	Value at end of 3rd yr £145 16 £87 9 7						
	Loss in purchase value of mill ng machine = £145/16/ £87/9/7 £58/6/5 which sum it would be well to write off over a period of 5 years (1/5 of which is included in depreciation for this year)						
	Profit and Loss Account	20	8	2			
	To Depreciation				20	8	2
	Transfer of balance						
		£484	1	9	£484	1	9

EXERCISE XI—No 21

In the opinion of the writer the abbreviated Statement presented to Subscribers etc is very unsatisfactory for the following reasons—

(a) A Cash Statement (badly constructed) does not adequately explain the financial position of the Institution

(b) According to the Statement submitted it appears that the grants and purchase of Consols on account of Trust Funds exceed Income—an anomalous position without fuller information to work upon

(c) Grants have been made amounting to £4 740 against receipts of subscriptions etc of £4 629 evidence of imprudent allocation of the funds of the institution

See also *Advanced Accounts* page 327 (under Errors in Published Accounts)

EXERCISE XI—No 22

JOURNAL

19		£ s d			£ s d		
		£	s	d	£	s	d
	Consignment Account To Goods on Consignment For goods consigned to A Archer of Sydney	750			750		
	A Archer To Consignment For gross proceeds as per A/s	800			800		
	Consignment To A Archer For commission and expenses as per A/s	85			85		
	Bills Receivable To A Archer Bill drawn at 1 mo for balance of account	465			465		
		£2 100			£2 100		

Dr		CASH BOOK				Cr			
19	To A Archer	£	s	d	19	By Consignment A/c— Freight Insurance	£	s	d
		250					34	84	

LEDGER

Dr		CONSIGNMENT ACCOUNT				Cr		
19		£	s	d	19	£	s	d
	To Goods on C'ment	750				By A Archer	800	
	Cash (Exp'ts)	84				(Gross proceeds)		
	A Archer (Exp't)	85				Unsold Stock c/d	250	
	Balance (Profit)	129				Proportion of Ex- penses c/d	28	
		£1 078					£1 078	
	Stock etc b/d	278						

EXERCISE XI—No 23 (cont'd)

MESSRS J C MILDRED & W F MERRYWEATHER
BALANCE SHEET AS AT 31ST DECEMBER 19

BALANCE SHEET AS AT 31ST DECEMBER 19

[illegible]

EXERCISE XI—No 24.

STATEMENT OF PERCENTAGES BASED ON TURNOVER.

NET Sales £19 101/3

	%
Materials Consumed (including Royalty)	57 15
Wages NET	23 72
Gross Profit	21 32
Net Expenses, i.e. (£4,126/2/10—£1 778/13/3) £2,347/9/7	12 30
Net Profit	6 33

EXERCISE XI—No 25

JOURNAL

		£	s	d	£	s	d
19 Jun	1 Bank Account To Capital Account	1 000	-	-	1 000	-	-
	2 Purchases Account To A & Co	362	1	8	362	1	8
	2 X & Co To Bills Payable	362	1	8	362	1	8
	3 Office Furniture To H B C Furnishing Co	131	10		131	10	-
	3 H B C Furnishing Co To Bank Account Discount (5% of £131/10/)	131	10		124	18	6
					6	11	6
	3 Purchases Account To London Trading Co	271	6	3	271	6	3
	3 London Trading Co To Returns Outwards	51	6		51	6	-
	3 London Trading Co To Bank	220		3	220		3
	4 H Jones To Bank	50			50		-
	4 Bills Receivable To H Jones	55			55		-
	4 H Jones To Interest	5			5		-
	5 Petty Cash Account To Bank	10			10		-
	6 George & Co To Sales	220			220		-
	6 Bank Account Discount Account (2½% on £220) To G. George	214	10				
		5	10		220		
	7 Purchases Account To W & H Johnson	862	11	1	862	11	1
	8 Salary Drawings To Bank	3					
		17			20		
	9 Bank To Sales Sales to A. Murray & Co	71	6	2	71	6	2
	10 Stationery To Petty Cash		15			15	
	11 Murray & Co To Bank A. Murray's cheque of 9th inst. re- turned dishonoured	71	6	2	71	6	2
		£4 11s	14	3	£4 11s	14	3

EXERCISE XI—No 26

MR PRICE'S JOURNAL

		£	s	d	£	s	d
19.							
Jan 18	Cash Account	100	-	-	100	-	-
	To R Goodman						
" 18	R Goodman	101	5	-	101	5	-
	To Bills Payable (including Interest)						
" 18	Interest Account	1	5	-	1	5	-
	To R Goodman						
		£202	10	-	£202	10	-

FORM OF INLAND BILL OF EXCHANGE

DUE DATE 21st April, 19—

LONDON.

£101 5 0

18th Jan., 19—

STAMP

2/-

Three months after date pay to my order the sum
of One hundred and one pounds, five shillings, for
value received

To Mr P PRICE,
25 Abchurch Lane,
Chancery

R A. GOODMAN

EXERCISE XI—No 27

Dr

INSURANCE ACCOUNT

Cr

		£	s	d		£	s	d
1937					1931			
Jan 1	To Balance b/f	21	6	-	Dec 31	By Unexpired Insurance		
Mar 31	- Sundries as Purchases					3 mos. on £3	15	-
	Book (2s per cent					8	6	5
	of £3 000)	3	-	-		11	12	10s
June 30	- do, 5s. per cent of	12	10	-		Balance to P & L	11	9 2
	£3 000					A/c	30	17 -
Dec 1	do, 2s per cent of	12	10	-				
	£3 000							
		£43	6	2				
1938								
Jan 1	To Balance b/f	18	9	2				

EXERCISE XI—No 28

Debit Side

PACKING CASES ACCOUNT

Jan 1	To Wood and nails	1935	1936
Jan Dec	Purchases of material	£ 21 10	£ 12 7 6
	Wages of workmen	319 15	351 7 6
		73	68
		£414 5	£431 1

Credit Side

Dec 31	By Materials at low	1935	1936
" 31	Transfer to Trade Account	£ 12 7 6	£ 18 5 5
		401 17 6	413 10
		£414 5	£431 1

EXERCISE XI—No 29

NOMINAL LEDGER

Dr

SALES LEDGER ADJUSTMENT ACCOUNT

Cr

1937		£	s	d	1938		£	s	d
Mar 1	To Balance b/f	2 459	1	7	Mar 1	By Balance b/f	47	5	
" 1-31	Sales	3 589	10		" 1-31	Returns	108	7	3
31	D Peters	9	5			Cash	891	3	2
						Disco nts	93	7	8
						Bills Received	250		
						Bad Debts	15	6	6
					31	M Brown	21	15	
						Balance	2 630	12	-
		£6 057	6				£6 057	16	7

Balance of Debtors
Less Creditors

£ s d
2 664 9 6
43 17 6

£2 620 12 -

Balance as Account above £2 630 12s

Difference is £10

The important figures to check first would be—

- (1) Opening Balances of Debtors b/f and any creditors balances transferred
- (2) Total of subsidiary books related to debtors
- (3) Journal transfers

The student should study carefully the plan or proof of this type of Ledger as explained and graphically set out on page 275 of *Advanced Accounts*

EXERCISE XI—No 30

The best method of dealing with the value of Loose Tools and Plant from the point of view of depreciation is to regard them as stock in trade evaluating the stock of Loose Tools and Plant at end of year at cost or market price whichever is the lower

It may be advisable to view some of such stock if held for a long period as of no value. Generally however the at cost or market valuation fairly meets the case of this class of plant.

EXERCISE XII—No 1

This exercise may be adequately answered by references to *advanced accounts*

EXERCISE XII No 2

JOHN ROBERTSON'S DRAWINGS ACCOUNT

Dr

Cr

Dr		Mos		Int		Amount				Amount.	
			£	s	d	£	s	d	£	s	d
12	19	To Cash	8	0	8	250	-	-	By Interest on Capital		
13	May 1	"	7	10	-	300	-	-	(5% of £5,000)		
14	July 1	"	1	13	4	200	-	-	" Profit and Loss		
	Nov 1	"	1	8	4	100	-	-	" (Share of Profit)		
	Dec 1	"	-	-	-	17	18	4			
	" 31	Interest	-	-	-						
	" 31	" Balance transferred to Capital Account	-	-	-	177	1	8			
			-	-	-						
			-	-	-	£1 045	-	-			

EXERCISE XII—No 3

JOURNAL

		£	s	d	£	s	d
19							
Jan	1	Sundry Debtors	560				
		Goodwill	310				
		To Bad Debts Reserve (5% of £560)			28		
		C's Capital Account			842		
		For assets brought in by C	£870		£870		
"	1	Coal Trucks	70				
		Carts Plant Horses and Harness	74				
		Goodwill	455				
		To Bad Debts Res (7½% of £3 720)			279		
		A's Capital Account			160		
		B's			160		
		For NET gain to A and B on the revaluation of their assets	£1 469		£1 469		

(Dr side)

CASH BOOK

		Cash	Bank
		£	£
19			
Jan	1	To Balance	1 166
	1	C's Capital	158
		(Amount brought in to raise his Capital from £842 to £1 000)	
		£18	£1 324

(Cr side)

		Cash	Bank
		£	£
19			
Jan	1	By A's Capital	500
		(Amount withdrawn to reduce his Capital from £3 260 to £2 760)	
	1	Balance c/d	824
		£18	£1 324

EXERCISE XII - No 3 (cont'd)

MRS. A. P. & C.

BALANCE SHEET 1ST JANUARY 19..

BALANCE SHEET 1ST JANUARY 19..					
	LIABILITIES.		ASSETS		
	£	s d	£	s d	£ s d
Bills Payable	-	-	Cash	18 -	-
Sundry Creditors	-	-	Bank	824 -	-
Capital Accounts—					
A	2 760 -	-	Sundry Debtors	4,280 -	-
B	2 760 -	-	Less Bad Debts Reserve	307 -	-
C	1,000 -	-			
			Stock of Coal	-	3 973 -
			Goodwill	-	570 -
			Coal Trucks	-	765 -
			Carts Plant, Horses, and Harness	-	1,000 -
			Furniture and Fittings	-	550 -
					320 -
					<u>£8 020 -</u>

EXERCISE XII—No 4

JOURNAL

	£	s	d	£	s	d
<i>Capital Accounts—</i>						
Dickson	980	—	—			
Bell	735	—	—			
Peters	490	—	—			
To Profit and Loss Adjustment A/c				2 205	—	—
Transfer of incorrect shares of profit as shown in the Profit and Loss Account						
Profit and Loss Adjustment A/c	2 205	—	—			
To <i>Capital Accounts—</i>						
Dickson $\frac{2}{3}$ share				1 046	8	10
Bell $\frac{2}{3}$ share				784	16	8
Peters $\frac{1}{3}$ share				373	14	6
Respective shares of profit transferred						
	£4 410	—	—	£4 410	—	—

LEDGER

Dr DICKSON'S CAPITAL ACCOUNT Cr

	£	s	d		£	s	d
To Profit and Loss Adjustment Account	980			By Balance	3 920		—
Balance c/d	3 986	8	10	Profit and Loss Adjustment Account	1 046	8	10
	£4 966	8	10		£4 966	8	10
				By Balance b/d	£3 986	8	10

Dr BELL'S CAPITAL ACCOUNT Cr

	£	s	d		£	s	d
To Profit and Loss Adjustment Account	735			By Balance	2 940		—
Balance c/d	2 983	16	8	" Profit and Loss Adjustment Account	784	16	8
	£3 724	16	8		£3 724	16	8
				By Balance b/d	£2 983	16	8

Dr PETERS' CAPITAL ACCOUNT Cr

	£	s	d		£	s	d
To Profit and Loss Adjustment Account	490			By Balance	1 540		—
Balance c/d	1 423	14	6	" Profit and Loss Adjustment Account	373	14	6
	£1 913	14	6		£1 913	14	6
				By Balance b/d	£1 423	14	6

EXERCISE XII—No. 5.

MESSRS BLACK & WHITE

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19..

Cr

Dr	£	s	d	£	s	d
To Stock, 1st Jan	3 000	—	—	By Sales	24 800	—
Purchases	16 450	—	—	" Stock, 31st Dec	3 225	—
" Manufacturing Wages	2 150	—	—			
" Balance, Gross Profit c/d	6 425	—	—			
	£28 025	—	—		£28 025	—

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cr

Dr	£	s	d	£	s	d
To Salaries	820	—	—	By Trading Account	6 425	—
Rates and Taxes	325	—	—			
Trade Charges	400	—	—			
Lease A/c (1/2 of £2 400 written off)	400	—	—			
" Int on Mortgage (4 1/2% of £5 000)	225	—	—			
" Depreciation—	200	—	—			
Plant (5% of £4 000)	—	—	—			
Bad Debts Res (5% of £13,100)	655	—	—			
" Less Old Reserve	600	—	—			
	55	—	—			
" Interest on Capital Accounts —						
Black, 5% of £5 000	250	—	—			
White 5% of £2 000	100	—	—			
" Bal, Net Profit to Capital A/cs						
(1/4 sh to each partner, i.e. £1,825)						
	£6,425	—	—		£6 425	—

EXERCISE XII No 5 (cont'd)

MESSRS BLACK & WHITE

BALANCE SHEET AS AT 31ST DECEMBER 19

[illegible]

MESSRS LION & UNICORN

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

300

EXERCISE XII—No 6 (cont'd)

MESSRS LION & UNICORN

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19 .

[illegible]

EXERCISE XII.—No 6 (contd.).

MESSRS LION & UNICORN

BALANCE SHEET AS AT 31ST DECEMBER, 19..

		£		s		d		£		s		d		£		s		d	
LIABILITIES																			
Sundry Creditors																			
<i>Capital Accounts—</i>																			
<i>R Lion</i>																			
Balance, 1st Jan		59 400		—		—		—		—		—		—		—		—	
<i>Add Interest</i>		2 970		—		—		—		—		—		—		—		—	
		62,370		—		—		—		—		—		—		—		—	
<i>Less Share of Loss</i>		£2 810		—		—		—		—		—		—		—		—	
<i>" Drawings</i>		£4 250		—		—		—		—		—		—		—		—	
		7 060		—		—		—		—		—		—		—		—	
<i>P Unicorn</i>																			
Balance, 1st Jan		30,000		—		—		—		—		—		—		—		—	
<i>Add Interest</i>		1 500		—		—		—		—		—		—		—		—	
		31 500		—		—		—		—		—		—		—		—	
<i>Less Share of Loss</i>		£2,810		—		—		—		—		—		—		—		—	
<i>Drawings</i>		£2 050		—		—		—		—		—		—		—		—	
		4 860		—		—		—		—		—		—		—		—	
		26 640		—		—		—		—		—		—		—		—	
		£85 810		—		—		—		—		—		—		—		—	
		£85 810		—		—		—		—		—		—		—		—	

EXERCISE XII--No 7

WILLIAM JAMES'S DRAWINGS ACCOUNT

(Dr SIDE)

Date	Particulars	Mths	Interest			Amount		
19			£	s	d	£	s	d
Mar 1	To Cash	10	3	6	8	80		-
June 1		7	2	18	4	100		-
Sept 1		4		16	8	50		-
Dec 1		1		10		120		-
						7	11	8
31	Interest							
						1357	11	8

EDWARD JONES'S DRAWINGS ACCOUNT

(Dr SIDE)

Date	Particulars	Mths	Interest			Amount		
19			£	s	d	£	s	d
Mar 1	To Capital (5% of £2 000 for 12 mos)	2	16	13	4			
Apr 1	Cash	9	1	17	6	50		-
July 1		6	1	17	6	75		-
Oct 1		3		18	9	75		-
Dec 1		1		6	3	75		-
						21	13	4
31	Interest							
						£296	13	4

EXERCISE XII—No 8

JOURNAL

		£	s	d	£	s	d
19 Mar 31	Capital Accounts— X Y Z To Profit and Loss A/c (adjusted)	800 400 400	— — —	— — —	1 600	—	—
" 31	Profit and Loss Account (adjusted) To Interest on Capital Accounts— X Y Z	220	—	—	110 90 20	— — —	—
		£1 820	—	—	£1 820	—	—

Dr		CAPITAL ACCOUNT X				Cr	
19 Mar 31	To Profit and Loss A/c (adjusted)	£ 800	s —	d —	19 Dec 31	By Balance	£ 3 000
" 31	Balance c/d	3 000	—	—	19 Mar 31	Interest Profit and Loss A/c (adjusted)	110 890
		£3 800	—	—			£3 800
			—	—	Mar 31	By Balance b/d	3 000

Dr		CAPITAL ACCOUNT Y			Cr				
19 Mar 31	To Profit and Loss A/c (adjusted)	£ 400	s -	d -	19 Dec 31	By Balance	£ 2 200	s -	d -
" 31	Balance c/d	2 235	-	-	Mar 31	Interest Profit and Loss A/c (adjusted)	90 345	-	-
		£2 635	-	-			£2 635	-	-
					Mar 31	By Balance b/d	2 235	-	-

Dr		CAPITAL ACCOUNT Z				Cr			
19 Mar 31	To Profit and Loss A/c (adjusted)	£ 400	s —	d —	19 Dec 31	By Balance	£ 800	s —	d —
" 31	Balance c/d	765	—	—	19 Mar 31	Interest Profit and Loss A/c (adjusted)	20 345	—	—
		£1 165	—	—			£1 165	—	—
			—	—	Mar 31	By Balance b/d	765	—	—

EXERCISE XII—No. 8 (*contd*)

Dr		PROFIT AND LOSS ACCOUNT (ADJUSTED)			Cr		
		£	s	d		£ s d	
19 Mar 31	To Int on Capital A/c— X (5% of £2,200) Y (5% of £1 800) Z (5% of £400)	110 90 20	— — —	— — —	19 Mar 31	By Capital Accounts— X (1/3 of £1 600) Y (1/3 of £1 600) Z (1/3 of £1,600)	800 400 400
" 31	" Balance to Cap A/c X £690 Y £345 Z . . . £345						
		1 380	—	—			
		£1,600	—	—		£1,600	—

EXERCISE XII—No. 9

MESSRS RUDD & BUTLER

BALANCE SHEET AS AT 31ST DECEMBER 19 .

[(a) FIXED METHOD]

LIABILITIES		£	s	d	£	s	d
Bills Payable	.				1,706	2	8
Sundry Creditors	.				2,173	13	9
Outstanding Expenses	.				175	3	11
Loan Account R Rudd	.				1 500	—	—
Capital Accounts—							
R Rudd	.	7,000	—	—			
B Butler	.	4 500	—	—	11 500	—	—
Current Accounts—							
R Rudd							
Interest on Capital	.	350	—	—			
" on Loan	.	75	—	—			
Share of Profit	.	1,473	2	8			
		1,898	2	8			
Less Drawings	.	1 600	—	—	298	2	8
B Butler							
Interest on Capital	.	225	—	—			
Share of Profit	.	1,156	13	10			
		1,381	13	10			
Less Drawings	.	1,200	—	—	191	13	10
					£17 534	16	10

EXERCISE XII—No 9 (contd)

MESSRS RUDD & BUTLER

BALANCE SHEET AS AT 31ST DECEMBER 19

[(b) NOT FIXED METHOD]

LIABILITIES	£	s	d	£	s	d
Bills Payable				1 706	2	8
Sundry Creditors				2 173	13	9
Outstanding Expenses				175	3	11
Loan Account R Rudd				1 500		-
Capital Accounts—						
R Rudd						
Balance 1st Jan	7 000					
Add Interest	350	-				
on Loan	75	-				
Share of Profit	1 473	2	8			
	8 898	2	8			
Less Drawings	1 600			7 298	2	8
B Butler						
Balance 1st Jan	4 500	-	-			
Add Interest	225	-	-			
Share of Profit	1 156	13	10			
	5 881	13	10			
Less Drawings	1 200			4 681	13	10
				£ 17 534	16	10

EXERCISE XII No 10

(Dr SIDE)

CASH BOOK

	Bank		Bank
19	£	s	d
To D Dawson's Capital Account	1 500		

Note—Separate cheques would be handed to A Bassett and P Palmer for their respective shares of Goodwill

EXERCISE XII—No 11.

Dr.		CASH BOOK				Cr.			
		Bank				Bank.			
		£	s	d		£	s	d	
19	To F. Fletcher's Capital	2	300	-	19	By Goodwill (Amount paid to D Dutton by F Fletcher for share of Goodwill)	£ 300	-	-
						Balance c/d	2,000	-	-
		£2 300	-	-			£2,300	-	-
	To Balance b/d	£2,000	-	-					

EXERCISE XII—No 12

JOURNAL

		£	s	d	£	s	d
19							
Jan 1	Sundry Debtors.	920	-	-			
	Goodwill	350	-	-			
	To Bad Debts Reserve (5% of £920)				46	-	-
	" F Fir's Capital				1,224	-	-
	For assets brought in by F Fir						
" 1	Plant and Tools	1,270	-	-	1,270	-	-
	Horses Carts Wagons, etc	134	-	-			
	Goodwill	35	-	-			
	To Bad Debts Reserve (5% of £3,940)	1,050	-	-	197	-	-
	A Dean's Capital Account				511	-	-
	B Gibson's Capital Account				511	-	-
	For net gain to Dean and Gibson on the revaluation of their assets						
		£2,489	-	-	£2,489	-	-

CASH BOOK

Dr	Cash		Bank			Cash		Bank	
	£	s d	£	s d		£	s d	£	s d
19 Jan 1	To Balance F Fir's Capital A/c (Amount brought in to raise Capital from £1 224 to £2 150)	£35	1 406	926	19 Jan 1	By A Dean's Capital A/c (Amount withdrawn to reduce his Capital from £5 886 to £5 376)		510	
"						Balance c/d		1 822	
Jan 1	To Balance b/d	£35	£2 332					£2 332	
		£35	£1 822						

MESSRS DEAN GIBSON & FIR
BALANCE SHEET AS AT 1ST JANUARY 19

LIABILITIES		ASSETS	
Bills Payable	£	Cash	£ s d
Sundry Creditors		Bank	
Capital Accounts—		Sundry Debtor	
A Dean	5 376	Fir's Bad Debts Reserve	
B Gibson	5 376	Stock of Timber	
F Fir	2 150	Good will	
		Furniture	
		Horses Carts and Wagons	
		Plant and Tools	
			£ s d
			1 857
			4 617
			2 720
			1 400
			105
			1 720
			2 060
			£14 479

EXERCISE XII—No 13

JOURNAL

		£	s	d	£	s	d
19..							
Jan 1	Goodwill Account	£	8		£		
	To Difference in Books				8		
	For transfer of balance						
	Reserve for Depreciation	608					
	Depreciation Account	200					
	To Plant and Machinery				808		
	For transfer of " Reserve for Deprecia- tion," and a further depreciation of plant						
	Goodwill Account	200					
	To Depreciation				200		
	For transfer of balance						
	Depreciation Account	200					
	To Patents Account				200		
	For amount charged against deprecia- tion to reduce value of patents						
	Goodwill Account	200					
	To Depreciation				200		
	For transfer of balance						
		£1 416			£1 416		

OPENING ENTRIES

		£	s	d	£	s	d
19							
Jan 1	Leasehold Factory	12 540					
	Machinery and Plant	7 392					
	Patents	400					
	Sundry Debtors	1 560					
	Stock	1 458					
	Goodwill	4 868					
	To Sundry Creditors				3 218		
	„ Peter White (vendor)				25 000		
		£ 28 218			£ 28 218		

Dr		CASH BOOK				Cr		
19		£	s	d	19	£	s	d
Jan 1	To Capital Accounts—				Jan. 1	By Peter White	25 000	
	Smith	12 000				(vendor)		
	Brown	10 000				Balance c/d	3 000	
	Robinson	6 000			" 1			
		£ 28 000					£ 28 000	

EXERCISE XII No 13 (continued)

MESSRS SMITH BROWN & ROBINSON
BALANCE SHEET AS AT 1ST JANUARY 19

BALANCE SHEET AS AT 1ST JANUARY 19									
LIABILITIES				ASSETS					
£	₹	£	₹	£	₹	£	₹	£	₹
Sundry Creditors	12 000	-	-	Bank	3 218	-	-	3 000	-
Capital Accounts—	10 000	-	-	Sundry Debtors	28 000	-	-	1 560	-
Smith	6 000	-	-	Stock				1 458	-
Brown				Goodwill				4 868	-
Robinson				Patents				400	-
				Machinery and Plant				7 392	-
				Leasehold Factory				12 540	-
					£ 31 218			£ 31 218	-

3- EXERCISE XII—No 14

P CREW (DECEASED)

[illegible]

Note—The value of GOODWILL is arrived at by method as below—

—The value of Goodwill is arrived at by method as shown
 1 of £2 073 + £2 458 + £2 024 + £930 (3 years insurance premiums) -- 3] x 2

EXERCISE XII—No 15

Dr P CREW (DECEASED) LOAN ACCOUNT Cr

		£	s	d			£	s	d
19		1,000	-	-	19	By Balance	7 855	16	-
Year 1	To Cash (½ yr. instalment)	7 154	13	11	Year 1	" Interest (6 months)	198	17	11
	" Balance c/d	£8 154	13	11			£8 154	13	11
		2 000	-	-			7,154	13	11
Year 2	To Cash	5,512	8	7	Year 2	By Balance b/d	327	14	8
	" Balance c/d	£7 512	8	7		" Interest (1 year)	£7,512	8	7
		2 000	-	-			5,512	8	7
Year 3	To Cash	3,788	1	-	Year 3	By Balance b/d	275	12	5
	" Balance c/d	£5 788	1	-		" Interest (1 year)	£5,788	1	-
		2 000	-	-			3,788	1	-
Year 4	To Cash	1,977	9	1	Year 4	By Balance b/d	189	8	1
	" Balance c/d	£3 977	9	1		" Interest (1 year)	£3 977	9	1
		2 000	-	-			1 977	9	1
Year 5	To Cash	78	6	6	Year 5	By Balance b/d	98	17	5
	" Balance c/d	£2 076	6	6		" Interest (1 year)	£2 076	6	6
		80	2	10			78	6	6
Year 6	To Cash	£80	2	10	Year 6	By Balance b/d	3	18	4
						" Interest (1 year)	£80	2	10

EXERCISE XII—No 16

P PORTER IN ACCOUNT CURRENT WITH E HELM

Date	Particulars	Amount	Days	Pro ducts	Date	Particulars	Amount	Days	Pro ducts
19 Mar 1	To Cash	£ 550	303	167 750	19 Jan 1	By Cash (£ of £1 525)	£ 610	364	222 040
May 1	By in lry Creditors (£ of £1 235)	494	244	120 536	1	Furnit re (£ of £310)	124	364	45 136
June 1		650	213	138 450	1	Goodwill	625	364	227 500
Sept 1		750	121	90 750	1	Sundry Debtors (£ of £4 400)	1 760	121	212 960
Dec 31	Balance of Products Balance c/d	701	1	190 150	31	Balance of Interest	26		
		£3 145		£707 636			£3 145		£707 636
Dec 31	To Cash	701	1		31	By Balance b/d	701	1	

EXERCISE XII—No 16 (contd)

Dr. PROFIT AND LOSS ADJUSTMENT ACCOUNT Cr

19		£	s	d	19		£	s	d
Jan 1	To Bad Debts (Loss)	224	-	-	Jan 1	By Discount on Creditors (GAIN)	30	-	-
	" Furniture (Loss)	26	-	-		" Capital Accounts— Porter, $\frac{1}{2}$ of loss Helm, $\frac{1}{4}$ of loss	110 110	-	-
		£250	-	-			£250	-	-

ADJUSTED BALANCE SHEET AS AT 1ST JANUARY, 19 .

LIABILITIES	£	s	d	ASSETS	£	s	d
Sundry Creditors	1 235	-	-	Cash	1 525	-	-
Capital Accounts—				Sundry Debtors	4 400	-	-
E Helm	3 000	-	-	Furniture	310	-	-
P Porter	2 000	-	-				
	£6 235	-	-		£6 235	-	-

EXERCISE XII—No 17

PROFIT AND LOSS ACCOUNT

Dr. FOR THE YEAR ENDED 31ST DECEMBER, 19 . Cr

	£	s	d		£	s	d
To Trading Account	1 070	-	-	By Capital Accounts—			
Interest on Capitals—				R. Rostrom	1 036	-	-
b. Rostrom	187	10	-	($\frac{1}{2}$ share of loss)			
T. Teale	37	10	-	T. Teale	259	-	-
($\frac{2}{3}$ of £750)				($\frac{1}{3}$ share of loss)			
	£1 294	-	-		£1 294	-	-

Dr. CAPITAL ACCOUNT—R. ROSTROM Cr

19		£	s	d	19		£	s	d
Dec. 31	To Drawings	620	-	-	Jan 1	By Balance	3 750	-	-
" 31	" Profit and Loss (Share of loss)	1 036	-	-	Dec. 31	" Interest	147	10	-
" 31	" Balance c/d	2 281	10	-					
		£3 937	10	-			£3 937	10	-
					Dec. 31	By Balance b/d	2 281	10	-

EXERCISE XII—No 19

CASH BOOK

(CREDIT SIDE)

		£	s	d
19 Jan 1	By Balance (Bank Overdraft)	6,000	-	-
" 1	" Balance c/d	1,000	-	-
		£7,000	-	-

(DEBIT SIDE)

		£	s	d
19 Jan 1	To Capital Accounts—			
	A	3,500	-	-
	B	3,500	-	-
		£7,000	-	-
19 Jan 1	To Balance b/d	£1,000	-	-

B will hand A a cheque for his share of the plant, i.e. his share of the Goodwill of the business.

EXERCISE XII—No 20

JOURNAL

		£	s	d	£	s	d
19 Apr 25	Goodwill Account	4 250	-	-			
	To Capital Accounts—						
	M Mason				3 500	-	-
	B Box				750	-	-
	For amount of GOODWILL credited to M Mason and B Box						
" 25	Capital Accounts—						
	M Mason (5% of £6,500)	325	-	-			
	B Box (5% of £5 750)	287	10	-			
	To Bad Debts Reserve				612	10	-
	For debiting Capital Accounts their respective amounts of Bad Debts Reserve						
" 25	Profit and Loss Account	1 650	-	-			
	To M Mason's Capital Account				1,650	-	-
	Transfer of Balance						
		£6 512	10	-	£6 512	10	-

EXERCISE XII—No 20 (contd.)

MESSRS MASON & BOX

BALANCE SHEET AS AT 25TH APRIL 19

LIABILITIES	£	s	d	£	s	d	ASSETS	£	s	d	£	s	d
Creditors				5	145	-	Cash	17	0	-			
Capital Accounts—							Bank	3	8	0			
M Mason				27	43	0	Debtors	12	0	0	4	02	0
B Box				0	962	10	Less Bad Debts Res.	0	12	0			
							Stocks				11	637	10
							Goodwill				8	62	0
							Buildings				4	2	0
											10	000	
											£	38	037

EXERCISE XII—No 21

A pays £5 000 for 12 months (contributed 1st Jan) = 60 000
 A pays £2 000 for 2 months (contributed 1st Nov) = 4 000

A's contribution = 64 000
 B pays £4 000 for 9 months (contributed 1st Apr) = 36 000
 C pays £4 000 for 7 months (contributed 1st June) = 28 000

£128 000

A's share of profit = $\frac{1}{2}$ of £2 520 = 1 260 - -
 B's share of profit = $\frac{1}{2}$ of £2 520 = 708 15 -
 C's share of profit = $\frac{1}{2}$ of £2 520 = 501 5 -
 £2 520 - -

EXERCISE XII—No 22

W Winder pays £2 205 for a $\frac{1}{2}$ share of 2 years purchase price of the average of such profits

The value of the profits = $\frac{£2\ 205 \times 7}{3 \times 2} = £2\ 572/10/-$

S Simpson's Capital in the new partnership is arrived at as under—

$\frac{1}{2}$ of £2 205 (sum paid by W Winder for share of profits) i.e. £1 102/10/-,
 deducted from £3 795 (equivalent of W Winder's Capital) + £1 897/10/-
 ($\frac{1}{2}$ of £3 795) = £5 692/10/-

S Simpson's Capital before the NEW partnership was equal to £5,692/10/-,
 i.e. £1,102/10/-, i.e. £4 590

EXERCISE XII—No. 23.

	<i>Dr</i>	BUSINESS PURCHASE ACCOUNT	<i>Cr.</i>
--	-----------	----------------------------------	------------

		£	s	d.			£	s	d.
Year 1	To Cash	1 000			Year 1	By X	7 020		
	" Balance c/d	6 371				" Interest	351		
		£7 371					£7 371		
Year 2	To Cash	1 000			Year 2	By Balance b/d	6 371		
	" Balance c/d	5 689	11			Interest	318	11	
		£6 689	11				£6 689	11	
Year 3	To Cash	1 000			Year 3	By Balance b/d	5 689	11	
	" Balance c/d	4 974	7			Interest	284	9	7
		£5 974	7				£5 974		7
Year 4	To Cash	1 000			Year 4	By Balance b/d	4 974		7
	" Balance c/d	4 222	14	8		Interest	218	14	1
		£5 222	14	8			£5 222	14	8
Year 5	To Cash	1 000			Year 5	By Balance b/d	4 222	14	8
	" Balance c/d	3 433	17	5		Interest	211	2	9
		£4 433	17	5			£4 433	17	5
					Year 6	By Balance b/d	3 433	17	5

	<i>Dr</i>	GOODWILL ACCOUNT	<i>Cr</i>
--	-----------	-------------------------	-----------

		£	s	d.			£	s	d.
Year 1	To X	2 000			Year 1	By Profit and Loss	349	15	
						" Balance c/d	1 650	5	
		£2 000					£2 000		
Year 2	To Balance b/d	1 650	5		Year 2	By Profit and Loss	407	17	3
						" Balance c/d	1 242	7	9
		£1 650	5				£1 650	5	
Year 3	To Balance b/d	1 242	7	9	Year 3	By Profit and Loss	441	7	7
						" Balance c/d	801		2
		£1 242	7	9			£1 242	7	9
Year 4	To Balance b/d	801		2	Year 4	By Profit and Loss	562	16	6
						" Balance c/d	238	3	8
		£801		2			£801		2
Year 5	To Balance b/d	238	3	8	Year 5	By Profit and Loss	238	3	8

	<i>Dr</i>	PROFIT AND LOSS ACCOUNT (1ST YEAR)	<i>Cr</i>
--	-----------	--	-----------

		£	s	d.			£	s	d.
19	To Interest	351			19	By Balance	1 750		
	" Goodwill	349	15						
	" Balance	1 049	5						
	(Net profit)						£1 750		
		£1 750							

EXERCISE XII—No 23 (contd)

PROFIT AND LOSS ACCOUNT

Dr				(2ND YEAR)				Cr			
19	To Interest	£	s	d	19	By Balance	£	s	d		
	Goodwill	318	11	—			1900				
	Balance	407	17	3							
	(Net profit)	1223	11	9							
		£1900					£1900				

Dr				(3RD YEAR)				Cr			
19	To Interest	£	s	d	19	By Balance	£	s	d		
	Goodwill	284	9	7			2000				
	Balance	441	7	7							
	(Net profit)	144	2	10							
		£2000					£2000				

Dr				(4TH YEAR)				Cr			
19	To Interest	£	s	d	19	By Balance	£	s	d		
	Goodwill	248	14	1			2500				
	Balance	76	16	6							
	(Net profit)	1688	9	5							
		£2500					£2500				

Dr				(5TH YEAR)				Cr			
19	To Interest	£	s	d	19	By Balance	£	s	d		
	Goodwill	211	9	9			2060				
	Balance	238	3	8							
	(Net profit)	1610	13	7							
		£2060					£2060				

EXERCISE XII—No 24

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 19

Dr				Cr			
To Capital Accounts—	£	s	d	By Balance	£	s	d
Cox &	800				1750		
Mason	600						
Holding (agreed amount)	300						
	£1700				£1750		

EXERCISE XII—No 25

PROFIT AND LOSS ACCOUNT

	£	s	d		£	s	d
To Interest due to C. Carus & Loan	41	13	4	By Trading A/c	2,760	-	-
" Balance Net Profit to Cap A/cs							
C. Carus, $\frac{1}{2}$ £1 359 3 4							
O. Kelly $\frac{1}{2}$ £1 359 4							
	718	6	8				
	£2 760	-	-		£2,760	-	-

EXERCISE XII—No 26

PROFIT AND LOSS ACCOUNT

Dr	FOR THE YEAR ENDED 31ST DECEMBER 19			Cr			
To Interest on Capital Accounts—	£	s	d	By Balance	£	s	d
Hart (5% of £3 500)	175	-	-		2 000	-	-
Capper (5% of £2 520)	128	-	-				
Bonar (5% of £1,740)	87	-	-				
" Balance (Net profit) c/d .	1 662	-	-				
	£2 000	-	-		£2 000	-	-
To Capital Accounts—				By Balance b/d	1 662	-	-
Hart (50% of 1st £1 000)	500	-	-				
Capper (30% of 1st £1 000)	300	-	-				
Bonar (20% of 1st £1 000)	200	-	-				
	1,000	-	-				
To Capital Accounts—							
Hart ($\frac{1}{2}$ of £662)	220	13	4				
Capper ($\frac{1}{3}$ of £662)	220	13	4				
Bonar ($\frac{1}{6}$ of £662)	220	13	4				
	£1 662	-	-		£1 662	-	-

Dr		CAPITAL ACCOUNT, HART				Cr		
		£	s	d		£	s	d
19					19			
Dec. 31	To Drawings	8	0	-	Jan. 1	By Balance	3	500
" 31	" Balance c/d	3	545	13	Dec. 31	Interest	1	75
					" 31	" Profit and Loss A/c (Share of Profit)	7	20

Dr		CAPITAL ACCOUNT CAPPER				Cr			
19		£	s	d	19		£	s	d
Dec 31	To Drawings	600	-	-	Jan 1	By Balance	2 520	-	-
" 31	" Balance c/d	2 816	13	4	Dec. 31	Interest	125	-	-
					" 31	Salary	300	-	-
					" 31	" Profit and Loss A/c (Share of Profit)	530	13	4
		£3 466	13	4			£3 485	13	4
					Dec 31	By Balance b/d	2 816	13	4

EXERCISE XII—No 26 (contd.)

Dr		CAPITAL ACCOUNT BONAR				Cr			
19		£	s	d	19		£	s	d
Dec 31	To Drawings	450			Jan 1	By Balance	1 740		
" 31	Balance c/d	047	13	4	Dec 31	Interest	87		
						Salary	250		
						Profit and Loss A/c (Share of Profit)	490	13	4
		497	13	4			£ 497	13	4
					Dec 31	By Balance b/d	2 047	13	4

EXERCISE XII—No 27

STATEMENT OF ADJUSTED PROFITS

	YEARS			TOTAL
	1st	2nd	3rd	
	£	£	£	£
Profits for 2nd and 3rd years		2 749	3 505	6 254
Add Interest recoverable from Flynn	40	40	40	120
Salary recoverable from Flynn	100	100	100	300
	£140	£2 889	£3 645	£6 674
Less Loss of 1st year				560
Total distributable Profits				£6 114

Dr		CAPITAL ACCOUNT F FLYNN				Cr		
19	To Profit and Loss A c (Sur charge of s ms paid n excess of agreed new p o s s n) Balance c d	£ 4 900	s	d	19	By Cash (Loan transferred) Profit and Loss A c (Share of adjusted profits)	£ 4 000 1 019	s d
		4 599						
		£5 019					£5 019	
						By Balance b d	4 599	-

Note.—The Partners' Capital Accounts have been credited with profits on the basis of the adjusted profits.

If it is inferred that B Bartle and W West have withdrawn their respective shares of past years' profits, then the credit balance of £599 due to F Flynn under the new scheme must be borne by B Bartle and W West in the ratio of their capitals, as under—

B Bartle $\frac{1}{2}$ i.e. £359 8s 0d W West $\frac{1}{2}$ i.e. £239 12s 0d

EXERCISE XII—No. 27 (contd.)

Dr.		CAPITAL ACCOUNT, B BARTLE				Cr.	
19			£	s	d	19	
	To Balance c/d . . .		15,057	-	-	By Balance	£ 12,000
						" Profit and Loss A/c (Share of adjusted profits)	3,057
			£ 15,057	-	-		£ 15,057

Dr.		CAPITAL ACCOUNT, W WEST				Cr.	
19			£	s	d	19	
	To Balance c/d . . .		10,038	-	-	By Balance	£ 8,000
						" Profit and Loss A/c (Share of adjusted profits)	2,038
			£ 10,038	-	-		£ 10,038

EXERCISE XII—No. 28

Dr.		CAPITAL ACCOUNT BROWN				Cr.	
19			£	s	d	19	
Dec 31	To Assignments—					Mar 31	
	(a) Eldest Son $\frac{1}{2}$	4,000	-	-		Sept 30	
	(b) Other Children ($\frac{1}{2}$ of $\frac{1}{2}$ to each)						
	(1)	1,000	-	-		By Balance	£ 9,000
	(2)	1,000	-	-		Share of Profit	675
	(3)	1,000	-	-		Cash	325
	(4)	1,000	-	-			
	Balance c/d	2,000	-	-			
		£ 10,000	-	-			£ 10,000

See *Advanced Accounts* page 95 (under Limited Partnership)

EXERCISE XII—No. 29

The adjustments necessary in the accounts in order to avoid loss to M and N and a gain to K are as follows—

- (1) Create a Goodwill Account and credit M and N with their respective shares, and
- (2) Provide for interest on the partners' capital

EXERCISE XII—No. 30 JOURNAL

		£				£			
		s				s			
		d				d			
19..			£	s	d		£	s	d
Jan 1	Land and Buildings		250	-	-				
" 1	Capital Account, A		730	-	-				
	To Plant					180	-	-	
	" Sundry Debtors					500	-	-	
	" Stock					300	-	-	
	For NET LOSS on revaluation of assets transferred to A as per agreement		£ 980	-	-	£ 980	-	-	

EXERCISE XII—No 30 (cont'd)

Dr		CASH BOOK				Cr			
19 Jan 1	To Balance	£	s	d	19 Jan 1	By A's Capital Account	£	s	d
1	C's Capital Account	600			1	(Amount withdrawn)	930		
		1 600				Balance c/d	1 330		
		£ 600					£ 1 600		

MESSRS A B & C

BALANCE SHEET AS AT 1ST JANUARY 19

LIABILITIES								ASSETS							
Creditors and Bills payable	£	s	d	£	s	d		Bank	£	s	d	£	s	d	
Capital Account —				3 000				Debtors and Bills Receivable				1 330			
A	3 000							Stock				2 000			
B	2 000							Plant				1 670			
C	1 000							Buildings				2 250			
				6 000											
				£ 9 000								£ 9 000			

EXERCISE XIII—No 1

Dr		REALIZATION ACCOUNT				Cr			
19 Dec 31	To Sundry Assets	£	s	d	19 Dec 31	By Cash	£	s	d
31	Cash (Expenses)	4 370			31	" Discounts Recd	4 792		
31	Balance (Profit) to Capital Accounts	87							
	B Black $\frac{1}{2}$	£1864							
	W White $\frac{1}{2}$	£1864							
		973							
		£4 830							£4 830

Dr		CASH BOOK				Cr			
19 Dec 31	To Balance	£	s	d	19 Dec 31	By Sundry Creditors	£	s	d
	Realization A/c	1 0				Realization (Exps)	442		
		4 792				B Black	3 000	10	
						" White	1 146	10	
		£ 4 912					£ 4 912		

Note—The amounts paid out to B Black and W White are equal to their original Capitals plus their respective shares of PROFIT on Realization

EXERCISE XIII—No 2

Dr.		REALIZATION ACCOUNT			Cr				
19	To Sundry Assets	£	s	d	19	By Cash	£	s	d
	.. Cash (Expenses)	5 500	-	-		.. Discounts Received	4 680	-	-
		250	-	-		.. Balance (Loss) to	160	-	-
						Capital Accounts—			
						Black, $\frac{1}{2}$	375	-	-
						White, $\frac{1}{2}$	375	-	-
							750	-	-
		£5 750	-	-			£5 750	-	-

Dr		CASH BOOK			Cr				
19	To Balance	£	s	d	19	By Creditors	£	s	d
	" Realization A/c	400	-	-		" Realization (Fgsp.)	1 700	-	-
		4 880	-	-		Capital A/c	230	-	-
						Black	2 825	-	-
						White	825	-	-
		£5 280	-	-			£5 280	-	-

Note—The amounts paid out to Black and White are equal to their original Capital less their respective shares of Loss on Realization.

EXERCISE XIII—No 3

Dr		BLACK & WHITE'S BOOKS			Profit and Loss Account			Cr		
19 Dec 31	To Capital Accounts— Black $\frac{1}{2}$ share White, $\frac{1}{2}$ share	£ 500 900 £1 000	s — — —	d — — —	19 Dec 31	By Balance	£ 1 000	s —	d —	
19 Dec 31	To Capital Accounts— Black $\frac{2}{3}$ share White, $\frac{1}{3}$ share	600 600 £1 200	— — —	— — —	19 Dec 31	By Balance	1 200	—	—	
19 Dec 31	To Capital Accounts— Black $\frac{1}{2}$ share White, $\frac{1}{2}$ share	675 675 £1 350	— — —	— — —	19 Dec 31	By Balance	1,350	—	—	

Dr		BLACK'S BOOKS			Cr	
		GOODWILL ACCOUNT				
19		£	s	d		
Dec 31	To W White's Capital	1,800	-	-		
	(For purchase of					
	W White's share					
	of Goodwill)					

EXERCISE XIII—No 3 (contd)

CAPITAL ACCOUNTS

Dr		BLACK			Cr	
19		£	s	d	19	
Dec 31	To Drawings	500	-		Jan 1	By Balance
" 31	Balance c/d	3 600	-		Dec 31	Profit and Loss
		£3 500	-			3 600
						500
						£3 500
19		£	s	d	19	
Dec 31	To Drawings	500	-		Jan 1	By Balance b/d
" 31	Balance c/d	3 100	-		Dec 31	Profit and Loss
		£3 600	-			3 000
						600
						£3 600
19		£	s	d	19	
Dec 31	To Drawings	500	-		Jan 1	By Balance b/d
" 31	Balance c/d	3 275	-		Dec 31	Profit and Loss
		£3 775	-			3 100
						675
						£3 775
					Dec 31	By Balance b/d
						(at end of 3 years)
						3 275

Dr		WHITE			Cr	
19		£	s	d	19	
Dec 31	To Drawings	850	-		Jan 1	By Balance
" 31	Balance c/d	3 850	-		Dec 31	Profit and Loss
		£4 500	-			4 000
						500
						£4 500
19		£	s	d	19	
Dec 31	To Drawings	650	-		Jan 1	By Balance b/d
" 31	Balance c/d	1 800	-		Dec 31	Profit and Loss
		£4 450	-			3 850
						600
						£4 450
19		£	s	d	19	
Dec 31	To Drawings	650	-		Jan 1	By Balance b/d
" 31	Balance c/d	1 825	-		Dec 31	Profit and Loss
		£4 475	-			3 800
						675
						£4 475
19		£	s	d	19	
Dec 31	To Balance	5 625	-		Dec 31	By Balance b/d
	(Amount due and payable to White)					(Ten 1 of 3 years)
						Black (White's share of Goodwill taken over)
						1 800
		£5 625	-			£5 625

EXERCISE XIII—No 4

(A) Each partner will receive CASH equal to the amount of his CAPITAL ACCOUNT as per Balance Sheet

(B) As A and an additional sum to each partner as follows—

Robinson £75 (being $\frac{1}{3}$)
 Larkin £60 (being $\frac{1}{3}$)
 Sparrow £45 (being $\frac{1}{3}$) } of £180 (Profit on Realization)

(C) Each partner will receive a sum equal to Capital as per Balance Sheet less £1,010 13s 4d, the Loss on Realization being £3 122

EXERCISE XIII--No 5

Dr		REALIZATION ACCOUNT				Cr	
19	To Sundry Assets (Equal to TOTAL of Capitals and other Liabilities)	£	s	d	19	By Cash	£ s d
		10,250	-	-		" Balance (Loss) to Capital Accounts— Hawker, $\frac{1}{2}$ £2,416 Haigh, $\frac{1}{2}$ £604	7,230 - -
						3,020	-
		£ 10,250	-	-		£ 10,250	-

Dr		CASH BOOK				Cr	
19	To Realization Account	£	s	d	19	By Sundry Creditors	£ s d
		7,230	-	-		" Advances— Hawker	4,250 - -
						Haigh	1,500 - -
						" Capital Account— Hawker	196 - -
						1,284	-
		£ 7,230	-	-		£ 7,230	-

Dr		CAPITAL ACCOUNT HAWKER				Cr	
19	To Realization Account (Share of loss)	£	s	d	19	By Balance	£ s d
	" Cash	2,416	-	-			3,700 - -
		1,284	-	-			
		£ 3,700	-	-			£ 3,700 - -

Dr		HAWKER (ADVANCE)				Cr	
19	To Cash	£	s	d	19	By Cash	£ s d
		1,500	-	-			£ 1,500 - -

Dr		CAPITAL ACCOUNT HAIGH				Cr	
19	To Share of Loss on Realization	£	s	d	19	By Balance	£ s d
		604	-	-		" Transfer to Loan A/c	500 - -
		£ 604	-	-			54 - -
						£ 604	-

Dr		HAIGH (ADVANCE)				Cr	
19	To Transfer from Capital	£	s	d	19	By Cash	£ s d
	" Cash	54	-	-			£ 250 - -
		196	-	-			
		£ 250	-	-			£ 250 - -

EXERCISE XIII—No 6

Dr		REALIZATION ACCOUNT				Cr	
19	To Sundry Assets Cash (Expenses)	£	s	d	19	By Cash Balance (less) to Capital Accounts— Rogers £91 Hawley £54	£ s d
		19	0				18 90
			110				
							630
		£	19	630		£	19 630

Dr		CASH BOOK				Cr	
19	To Balance Realization Account	£	s	d	19	By Sundry Creditors Realization (Expense) Capital Accounts— Rogers Hawley	£ s d
		£	0				7 30
			8 99				1 0
							8 119
							5 246
		£	20	99		£	30 98

Note—Each partner receives a Cash payment equal to original Capital less share of Loss on Realization

EXERCISE XIII—No 7

Dr		CASH BOOK				Cr	
19	To Realization A/c	£	s	d	19	By Creditors Loan Account Capital Account— Linton Price Wetherby	£ s d
		16	144				6 230
							6 50
							£ 738 0
							£ 3 098
							£ 73 318
		£	16	144			9 244
						£	16 144

EXERCISE XIII—No 8

Dr		REALIZATION ACCOUNT				Cr	
19	To Sundry Asset Cash (expenses)	£	s	d	19	By Cash Balance (less) to Capital Accounts— Wood Harrison Patty	£ s d
		13	90				17 443
			83				
							£ 232
							£ 14
							£ 116
							522
		£	13	90		£	13 90

D_f

CASH BOOK

Cr

19	To Balance	£	475	s	d	19	By Creditors	£	2,755	s	d
	" Realization Account		12 843	-	-		Realization A/c		80	-	-
							" Capital Accounts—				
							Wood		4 765	-	-
							Harrison		3 325	-	-
							Batty		2,384	-	-
		£	13 318	-	-			£	13 318	-	-

 D_f

REALIZATION ACCOUNT

Gr

19	To Sundry Assets	£	s	d	19	By Cash	£	s	d
		4,430	-	-		" Capital Accounts—	2,020	-	-
						Partridge	£1 620		
						Paterson,	£ 810		
							2 430	-	-
		£4 430					(4,430)	-	-

 D_t

CAPITAL ACCOUNT PARTRIDGE

Cr

19	To Realization Share of loss	£	s	d	19	By Balance . . .	£	s	d
	" Balance c/d	1 620	-	-			4 000	-	-
		2 380	-	-				-	-
		£4 000	-	-			£4 000	-	-
						By Balance b/d	2 380	-	-

 D_r

CAPITAL ACCOUNT, PATERSON
(Overdrawn)

Cf

19	To Realization (Share of loss)	£ 810	s	d	19	By Balance	£ 450	s	d
						" Balance c/d	360	-	-
		£810	-	-			£810	-	-
	To Balance b/f	360	-	-					

EXERCISE XIII—No 10

Dr		CASH BOOK				Cr			
		Bank				Bank			
19	To Balance (Net amount on Sale of Business)	£	s	d	19	By Creditors	£	s	d
		13 680				Loan (FINCHLEY'S)	4 520		
						Capital Accounts—	1 500		
						Finchley	5 710		
						Williams	1 930		
		£					£		
		13 680					13 680		

Note—The NET sum received on sale of the business represented a GAIN of £390 i.e. the difference between £13 680 and £13 270 (value of business sold). The profit on Realization is shared by the partners as follows—

Finchley receives $\frac{2}{3}$ or £260
Williams receives $\frac{1}{3}$ or £130

The above sums would be received in addition to original capitals

EXERCISE XIII—No 11

Dr		PROFIT ON REALIZATION ACCOUNT				Cr			
19	To Capital Accounts— X $\frac{1}{3}$ share Y $\frac{1}{3}$ share Z $\frac{1}{3}$ share	£	s	d	19	By Balance	£	s	d
		260					520		
		130							
		104							
		£520					£520		

Dr		CASH BOOK				Cr			
19	To Balance . . .	£	s	d	19	By Creditor Capital Accounts— X $\frac{1}{3}$ Y $\frac{1}{3}$ Z $\frac{1}{3}$	£	s	d
		11 550					464		
							6 080		
							5 006		
		£					£		
		11 550					11 550		

Dr		CAPITAL ACCOUNT X				Cr			
19	To Z's Capital ($\frac{1}{3}$ share) Cash	£	s	d	19	By Balance Profit on Realization (Share of profit)	£	s	d
		180					6 000		
		6 080					960		
		£6 260					£6 260		

EXERCISE XIII—No. 11 (contd)

Dr		CAPITAL ACCOUNT, Y					Cr.		
19	To Z's Capital (½ share)	£ 150	s	d	19	By Balance	£ 5,000	s	d
	„ Cash	5 006				„ Profit on Realization (Share of profit)	156		
		£5 156	-	-			£5,156	-	-

Dr		CAPITAL ACCOUNT, Z				Cr			
		(Overdrawn)							
19	To Balance . . .	£ 434	s	d	19	By Profit on Realization (Share of profit)	£ 104	s	d
						" Capital Accounts--			
						X, $\frac{1}{2}$ share	£180		
						Y, $\frac{1}{2}$ share	£150		
							230		
		£434					£434		

EXERCISE XIII—No 12.

Dr		REALIZATION ACCOUNT			Cr.				
19	To Sundry Assets Cash (Expenses)	£ 14 680 185	s - -	d - -	19	By Cash Balance (Loss) to Deficiency A/c X, £570 Y, £380 Z, £190	£ 13 725 1,140 14 865	s - - - -	d - - - -
		£ 14 865	-	-			£ 14 865	-	-

Dr					DEFICIENCY ACCOUNT					Cr				
19	To Realization Account (For loss on Realization transferred)	£	s	d	19	By Cash—	£	s	d					
		1 140	-			X	570	-						
						Y	980	-						
						Z	190	-						
						(Amount transferred to his over drawn account)								
		£1 140	-				£1,140	-						

EXERCISE XIII—No 12 (contd)

Dr		CASH BOOK				Cr	
19	To Balance	£ 425	s	d	19	By Bills Payable	£ 500
	Realization A/c	13 720	-	-		Bank Overdraft	2 000
	" Z (amount received from his estate)	90	-	-		Sundry Creditors	1 650
	Deficiency—					Realization (Exps.)	185
	X	£ 270				Capital Account—	
	Y	£ 380				X $\frac{2}{3}$	£ 6 330
		950				Y $\frac{1}{3}$	£ 4 220
		£ 15 190	-	-			10 550
							£ 15 190

Notes—(1) X receives CASH as above i.e. £6 330 but as this amount includes his contribution on Deficiency he receives only £5 760

Y receives £4 220 which as in the case of X includes his contribution on Deficiency therefore he receives only £3 840

(2) Z's (overdrawn) account is equal to £350 + £190 (his share of Deficiency) less £90 £450 which sum is borne by X and Y in the ratio of their Capitals i.e. X bears £270 Y bears £180

EXERCISE XIII—No 13

CAPITAL ACCOUNTS

Dr		A		Cr			
19	To C's Capital ($\frac{1}{3}$ share) Cash	£ 138 5 611 £5 750	s d 17 9 2 3 —	19	By Balance Realization ($\frac{1}{3}$ share of profit)	£ 5 000 750 £5 750	s d — — —

Dr		B		Cr			
19	To C's Capital ($\frac{1}{3}$ share) Cash	£ 111 4 388 £4 500	s d 2 3 17 9 —	19	By Balance Realization on ($\frac{1}{3}$ share of profit)	£ 4 000 500 £4 500	s d — — —

Dr		C (Overdrawn)		Cr	
19	To Balance	£ 500	s d	19	By Realization ($\frac{1}{3}$ share of profit) Capital Account :— A $\frac{2}{3}$ share B $\frac{1}{3}$ share
					£ 250 — — 138 17 9 111 2 3 £ 500 — —

Notes—(1) The Profit on Realization is £1 500 based on the difference between Purchase Price of £10 000 + Liabilities of £370 and total Assets £8 870

(2) The balance of Realization A/c is shared by partners in the same ratio as profits

(3) C's net deficiency is borne by A and B in the ratio of their Capitals i.e. A bears $\frac{2}{3}$ and B $\frac{1}{3}$

EXERCISE XIII—No 14

Dr		DEFICIENCY ACCOUNT		Cr		
19	To Balance . . .	£ 700	s d	19	By Cash— Hawker 300 Joycelyn 200 Balance transferred to Capital A/c— Temple £ 200	£ s d 300 — 200 — 200 — £700 —
		£ 700				

Dr		CASH BOOK				Cr			
19	To Balance	£	s	d	19	By Capital Account—	£	s	d
	Deficiency	900	—	—		Hawker	1,400	—	—
	(sum brought in	300	—	—					
	by Hawker)								
	do Joycelyn	200	—	—					
		£ 1,400	—	—			£ 1,400	—	—

Dr		CAPITAL ACCOUNT HAWKER		Cr			
19	To Capital Account— Temple Cash	£ 400 1 400	s d — —	19	By Balance . . .	£ 1,800	s d —
		£1,800	—			£1,800	—

EXERCISE XIII—No 15

The answer to this question is adequately dealt with at the end of *Advanced Accounts*

EXERCISE XIII—No 16

Dr		REALIZATION ACCOUNT				Cr			
19	To Sundry Assets " Cash (Expenses)	£	s	d	19	By Cash Discounts Received Balance (o/s) to Deficiency A/c	£	s	d
		7	00				6	300	
			300					100	
								900	
		£7	300				£7	300	

Dr		DEFICIENCY ACCOUNT			Cr			
19	To Realization Account (Transfer of loss)	£ 900	s	d	19	By Cash— Brown Jones Robinson (For transfer to his own drawn a/c)	£ 4 0 300 150 £900	s d
		£900						

Dr		CASH BOOK			Cr				
19	To Balance Realization Account <i>Capital Account—</i> Robinson (For dividend of £8 in £100 shares estate) Deficiency Account Brown Jones	£ 1 400 6 300 16 13 4 £4 0 £900 700 £8 666	s 13 13	d 4 4	19	By Sundry Credits Realization Account (Expenses) Loan on Mortgage <i>Capital Account—</i> Brown Jones	£ 900 300 400 3 600 £3 229 £1 500 5 066 £8 666	s 13 13	d 4 4

Dr		CAPITAL ACCOUNT BROWN				Cr					
19	To Cash	£		s	d	19	By Balance	£		s	d
		2	500					2	500		

Dr		DRAWINGS ACCOUNT BROWN				Cr			
12	To Rob nson s O/drawn Cash	£	s	d	13	By Balance	£	s	d
		270	10	8			1 000		
		720	3	4					
		£1 000					£1 000		

EXERCISE XIII—No 16 (contd)

Dr		CAPITAL ACCOUNT, JONES		Cr.	
19	To Cash . .	£ 1 500	s d	19	By Balance . .
					£ 2 500

Dr		DRAWINGS ACCOUNT, JONES		Cr.	
19	To Robinson's Overdrawn " Cash .	£ 102 337	s d 10 -	19	By Balance . .
		£ 500			£ 500

Dr		CAPITAL ACCOUNT, ROBINSON (Overdrawn)		Cr.	
19	To Balance . " Deficiency .	£ 500 150	s d - -	19	By Cash .
					£ 216 13 4
					" Drawings Accounts— Brown, £ 270/16 9 Jones, £ 152/10 -
					433 6 8
		£ 650			£ 650

EXERCISE XIII—No 17

Dr		REALIZATION ACCOUNT		Cr.	
19	To Sundry Assets " Cash (expenses)	£ 18 282 360	s d - -	19	By Cash .
					£ 8 600
					" Balance (Loss) to Profit and Loss A/c
		£ 18 582			9 982
					£ 18 582

Dr		PROFIT AND LOSS ACCOUNT		Cr.	
19	To Realization Account (Loss on Realiza- tion transferred)	£ 9 982	s d - -	19	By Sundry Creditors " Capital Accounts— Morgan £ 4 783 Howell £ 2 394
					7 182
		£ 9 982			£ 9 982

EXERCISE XIII—No 17 (contd)

Dr		CASH BOOK				Cr			
19		£	s	d	19		£	s	d
	To Balance	900				By Realization (Exps)	300		
	Realization A/c	8 600	-			Sundry Creditors	9 000		
		£9 500	-				£9 500	-	

Note—The creditors receive a dividend of 1s 4d in the £, i.e. $\frac{£9 200}{£12 000}$ to each creditor

Dr		CAPITAL ACCOUNT MORGAN				Cr					
19	To Profit and Loss A/c (Share of loss)	£	4 783	s	d	19	By Balance Balance (due from Newell)	£	4 700 68	s	d
				-	-					-	-
			£4 783	-	-				£4 768	-	-

Dr		CAPITAL ACCOUNT NEWELL				Cr					
19	To Profit and Loss Balance (due to Morgan)	£	2 394	s	d	19	By Balance	£	2 462	s	d
			68	-	-					-	-
			£2 462	-	-				£2 462	-	-

Dr		SUNDRY CREDITORS				Cr					
19	To Cash	£	9 200	s	d	19	By Balance	£	12 000	s	d
	Profit and Loss		2 800	-	-					-	-
		£	12 000	-	-				£	12 000	-
			<u>12 000</u>							<u>12 000</u>	

Dr		SUNDRY DEBTORS				Cr					
19	To Balance	£	4 082	s	d	19	By Realization A/c	£	4 082	s	d
				-	-					-	-
				-	-					-	-

Dr		STOCK ACCOUNT				Cr					
19	To Balance	£	4 320	s	d	19	By Realization A/c	£	4 320	s	d
				-	-					-	-
				-	-					-	-

EXERCISE XIII—No. 17 (contd.)

Dr		FIXTURES AND FITTINGS ACCOUNT				Cr					
19	To Balance . . .	£	3,080	s	d	19	By Realization A/c	£	3,080	s	d

Dr		GOODWILL ACCOUNT		Cr			
19	To Balance . . .	£ 6,500	s d	19	By Realization A/c.	£ 6,500	s d

EXERCISE XIII—No. 18

Dr		REALIZATION ACCOUNT		Cr.	
19	To Sundry Assets " Cash (Expenses) " Capital Accounts— Watt, £ 288 Dawson, £ 288 576 £ 10 540	£	s d	19	By Cash " Discounts Received 10 500 40 £ 10 540
		£	s d		£

Dr		CASH BOOK		Cr	
19	To Balance	£ 1 000	s d	19	By Sundry Credits
	" Realization Account	10 500	- -		Realization (Exps.)
					Capital Accounts—
					Watt £ 288
					Dawson £ 288
		£ 11 500	- -		
					10 576
					£ 11 500

Dr		CAPITAL ACCOUNT W & A 1917		Cr	
19	To Cash . . .	£ 6,288	s d	19	By Balance
					" Realization Account
					(Share of profit)
		£ 6,288	-		

Dr		CAPITAL ACCOUNT, DAWSON				Cr			
19..	To Cash	£	s	d	19	By Balance " Realization (Share of profit)	£	s	d
		4,288	-	-			4,000	288	-
		£4,288	-	-			£4,288	-	-

EXERCISE XIII No 18 (contd)

Dr		SUNDRY CREDITORS			Cr				
19	To Cash Realizat on Account (Disets transferred)	£ 800 40	s - -	d - -	19	By Balance	£ 900	s - -	d - -
		£900					£900		

Dr		SUNDRY DEBTORS			Cr				
19	To Balance	£	s	d	19	By Realization A/c	£	s	d
		1 900	-	-			1 900	-	-

Dr		STOCK ACCOUNT				Cr			
19	To Balance	£	s	d	19	By Realization A/c	£	s	d
		5 000	-	-			5 000	-	-

Dr		FIXTURES AND FITTINGS ACCOUNT				Cr			
19	To Balance	£	s	d	19	By Realization A/c	£	s	d
		1 000					1 000		

Dr		LEASE ACCOUNT				Cr			
19	To Balance	£ 2 000	s -	d -	19	By Realization A/c	£ 2 000	s -	d -

EXERCISE XIII—No 19

JOURNAL ENTRY

19 .		£	s	d	£	s	d
Jan 1	Capital Accounts—						
	Johnson ($\frac{1}{2}$ of £1 200)	400	—	—			
	Moore ($\frac{1}{2}$ of £1 200)	300	—	—			
	Elliott ($\frac{1}{2}$ of £1 200)	300	—	—			
	Graham ($\frac{1}{2}$ of £1 200)	200	—	—			
	To Capital Accounts—						
	Johnson (5% of £8,500)				425	—	—
	Moore (5% of £5 500)				275	—	—
	Elliott (5% of £5 500)				275	—	—
	Graham (5% of £4,500)				225	—	—
		£1 200	—	—	£1 200	—	—

EXERCISE XIII—No 20

$$\begin{aligned}
 \text{X's Capital} &= £8\ 000 + \frac{2}{3} \text{ of } £1\ 300 \text{ (goodwill)} = 8\ 800 \\
 \text{Y's Capital} &= £5\ 000 + \frac{1}{3} \text{ of } £1\ 300 \text{ (goodwill)} = 5\ 500 \\
 \text{Z's Capital} &= £4\ 600 - £1\ 300 \text{ (goodwill)} = 3\ 300 \\
 &\underline{\underline{£17\ 600}}
 \end{aligned}$$

∴ The proportions in which profit will be shared are as under—

X will receive $\frac{2}{3}$ share

Y will receive $\frac{1}{3}$ share

Z will receive $\frac{1}{6}$ share.

MESSRS FARMER & RIGHT

Dr TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19 Cr

	£	s	d	£	s	d	£	s	d
To Stock 1st Jan	5 808	-	-	4 195	-	-	11 680	-	-
By Purchases	816	-	-	-	-	-	2 430	-	-
Less Returns Outwards	-	-	-	-	-	-	-	-	-
" Carriage	-	-	-	5 050	-	-	-	-	-
" Manufacturing Wages	-	-	-	279	-	-	-	-	-
" Balance Gross Profit c/d	-	-	-	1 897	-	-	-	-	-
				5 321	-	-	-	-	-
				£ 14 942	-	-	-	-	-
To Salaries Travellers etc	-	-	-	-	-	-	-	-	-
Rent Rates, and Taxes	-	-	-	750	-	-	-	-	-
By Debts	-	-	-	586	-	-	-	-	-
Less Fire Insurance prepaid	-	-	-	135	-	-	-	-	-
" Salary Expenses	379	-	-	-	-	-	-	-	-
" Less Fire Insurance prepaid	10	-	-	-	-	-	-	-	-
Discounts Allowed	-	-	-	369	-	-	-	-	-
Legal Expenses	-	-	-	425	-	-	-	-	-
Bad Debts Reserve (5% of £3 290)	164	10	-	35	-	-	-	-	-
Less Old Reserve	129	-	-	-	-	-	-	-	-
Discount Reserve on Creditors (2½% of £1 954)	-	-	-	35	10	-	-	-	-
				117	4	-	-	-	-
Discount Reserve on Debtors (4½% of £1 290 - £1644)	-	-	-	295	-	-	-	-	-
Depreciation— Plant and Machinery (10% of £2 500)	-	-	-	-	-	-	-	-	-
Interest Accounts— Cash Creditors (amount due)	70	-	-	-	-	-	-	-	-
Capital Accounts— Interest (5% of £4 220)	231	-	-	-	-	-	-	-	-
R Right (5% of £3 780)	189	-	-	-	-	-	-	-	-
				490	-	-	-	-	-
Balance Net Profit to Capital Accounts— By Balance Sheet	358	5	9	-	-	-	-	-	-
R Right ½ share	248	17	2	-	-	-	-	-	-
				597	2	11	-	-	-
				£ 3 845	17	-	-	-	-
				-	-	-	63 845	17	-

EXERCISE XIII—No 22

SMITH THOMPSON & CO

TRADING ACCOUNT

Dr FOR THE YEAR ENDED 31ST DECEMBER 19

Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Stocks, 1st Jan							By Sales—						
Copper	12 008	—	3				Copper	37 443	7	1			
Tin	875	11	4				Tin	9 476	3	8			
Iron	3 026	14					Iron	67 753	11	6			
				15 910	5	7	Pig Iron	76 942	8				
" Purchases—							Stocks 31st Dec				211 617	10	3
Copper	40 170	12					Copper	22 111	14	2			
Tin	8 426	18	9				Tin	617	18	10			
Iron	66 983	7	2				Iron	6 513	4	1			
Pig Iron	3 536	14	1								29 242	17	1
" Carriage				211 117	12	—							
" Bal. Gross Profit				1 463	13	7							
				12 368	16	2							
				240 860	7	4					240 860	7	4

SMITH THOMPSON & CO

PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 31ST DECEMBER 19

Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Loss on Discounting Bills				829	7	3	By Trading Account Gross Profit				12 368	16	2
Rent				200	—								
" Discounts allowed				4 423	9	11							
" Salaries of Office Staff				316	4								
" Partnership Salaries				1 000	—								
" Warehouse Wages				226	—								
" Bank Interest				332	12	4							
" Office and Warehouse Exps				574	19	9							
" Int. on Cap A/cs—													
Wm. Smith (5% of £15 000)	750	—	—										
Jos. Thompson (5% of £12 000)	600	—	—	1 350	—								
" Bal.—Net Profit to Cap A/cs—													
Wm. Smith ½ share	1 508	1	6										
Jos. Thompson ½ share	1 508	1	8										
				3 116	2	11							
				12 368	16	2					12 368	16	2

EXERCISE XIII—No. 22 (cont'd)

SMITH, THOMPSON & CO

BALANCE SHEET AS AT 31st DECEMBER, 19..

LIABILITIES				ASSETS					
Mutual Banking Co	£	s	d	£	s	d	£	s	d
Bills Payable				2 941	7	5	Cash on hand		23 2 11
Sundry Creditors				6 784	2	6	Bills Receivable		9 814 15 -
Capital Accounts—				6,028	7	10	Sundry Debtors		7 618 4 10
Wm Smith							Stocks—		
Balance 1st Jan	15 000	-	-				Copper . .	22 113 14 2	
Add Interest	750	-	-				Tin . .	617 18 10	
" Salary	500	-	-				Iron . .	6 513 4 1	
" Sh. of Profit	1 528	1	6				Office Furniture and		29 242 17 1
	17 808	1	6				Fittings . .		473 8 4
Less Drawings	618	4	2	17,189	17	4			
Jos Thompson									
Balance 1st Jan	12 000	-	-						
Add Interest	600	-	-						
" Salary	500	-	-						
" Sh. of Profit	1 558	1	5						
	14 658	1	5						
Less Drawings	428	8	6	14,228	12	11			
				47 172	8	-			

EXERCISE XIII--No 23

<i>Dr</i>			CASH									<i>Cr</i>		
19 Aug 31	To Balance Realization Account	b/d	£	200	s	d	19 Aug 31	By Realisation Ex- penses	9	£	38			
		9		040				Sundry Creditors	6		2 201	-	-	
			£	2 240							£	2 240		

Dr		SUNDRY DEBTORS				2	Cr						
19 Aug 31	To Balance	b/d	£	215	s	d	19 Aug 31	By Realization A/c	9	£	215	s	d

<i>Dr</i>		<i>Stock</i>				<i>3</i>		<i>Cr</i>			
19 Aug 31	To Balance	b/d	£ 860	s -	d -	19 Aug 31	By Realization A/c	9	£ 860	s -	d -

Dr		FIXTURES				4	Cr			
19 Aug 31	To Balance	b/d	£ 1 900	s d	10 Aug 31	By Realization A/c	9	£ 1 900	s d	

EXERCISE XIII—No 23 (contd)

Dr		MOTOR VEHICLES				5	Cr				
19 Aug 31	To Balance	b/d	£	s	d	19 Aug 31	By Realization A/c	9	£	s	d
			1 400	-	-				1 400	-	-

Dr		SUNDRY CREDITORS					6	Cr				
13 Aug 31	To Cash P & L on Realiza- tion Account	1	£	s	d	19 Aug 31	By Balance	b/d	£	s	d	
		10	2 201	-	-				3 459	-	-	
			1 798	-	-							
			£3 459	-	-				£3 459	-	-	

Dr		HARDY—CAPITAL ACCOUNT					7	Cr				
19 Aug 31	To P & L on Realiza- tion A/c	10	£	s	d	19 Aug 31	By Balance Ivor Capital A/c	b/d	8	£	s	d
			744	-	-					708	-	-
			£744	-	-					36	-	-
										£744	-	-

Dr		IVOR—CAPITAL ACCOUNT					8	Cr				
19 Aug 31	To P & L on Realiza- tion A/c Hardy— Capital A/c	10	£	s	d	19 Aug 31	By Balance	b/d	£	s	d	
			372	-	-				408	-	-	
		7	36	-	-							
			£408	-	-				£408	-	-	

Dr		REALIZATION ACCOUNT					9	Cr					
19 Aug 31	To Sundry Debtors	2	£	715	s	d	19 Aug 31	By Cash	1	£	2 040	s	d
	Stock	3		860				Balance to P & L					
	Furniture	4		1 800	-			on Realization					
	Motor Vehicles	5		1 400				Account	10		2 374	-	
	Cash—Realization Expenses	6		95									
				£4 414	-						£4 414	-	

Dr		PROFIT AND LOSS ON REALIZATION ACCOUNT										10	Cr	
19 Aug 31	To Realization A/c	9	£	s	d	19 Aug 31	By Sundry Creditors	6	£	s	d			
			2	374			Capital Hardy	7		1	208			
							Capital Ivor	8		744				
										372				
			£	374						£2	374			

The divide d 1 and to cr ditors is £ 459 1-8½ in the £

EXERCISE XIII—No 24.

GOODWILL ACCOUNT

C

4

[illegible]

STATEMENT SHOWING NET AMOUNT GAINED OR LOST BY EACH PARTNER IN RESPECT OF GOODWILL

[illegible]

EXERCISE XIII—No 27.

PROFIT AND LOSS ACCOUNT

Dr	FOR THE YEAR ENDED 31ST DECEMBER 19..			Cr
To Interest on Capital Accounts—	£	s	d	
Cowan (2½% of £5,400)	272	10	—	
Bennett (3% of £4,520)	226	—	—	
Loan Interest (due to Bennett)	37	10	—	
Partnership Salary (due to Bennett)	300	—	—	
Rent (due to Cowan)	500	—	—	
Balance, <i>Net Profit to Cap A/cs</i>				
Cowan (½ share)	657	—	—	
Bennett (½ share)	657	—	—	
	£2,650	—	—	
				By Balance
				£2,650
				—

CAPITAL ACCOUNTS

BENNETT (CREDIT SIDE)

COWAN (CREDIT SIDE)

19		£	s	d	19		£	s	d
Jan 1	By Balance	4,520	—	—	Jan 1	By Balance	5,400	—	—
" 31	" Cash (loan)	1,000	—	—	Dec 31	" Interest	272	10	—
Dec. 31	" Interest	226	—	—	" 31	" Rent	500	—	—
" 31	" Loan Interest	37	10	—	" 31	" Profit and Loss (Share of profit)	657	—	—
" 31	" Salary	300	—	—					
" 31	" Profit and Loss (Share of profit)	657	—	—					
		£6,740	10	—			£6,879	10	—

EXERCISE XIII—No 28

JOURNAL

	£	s	d	£	s	d
Goodwill Account	2,000	—	—			
To A. Aplin's Capital Account, ⅔				1,200	—	—
" C. Charles's Capital Account, ⅓				800	—	—
For their respective shares of goodwill						
	£2,000	—	—	£2,000	—	—

(Dr SIDE)

CASH BOOK

		Bank.
To P. Paton's Capital Account		£1,500
Allocation of Profits are as under—		
A. Aplin's share will be ⅔ of ⅔ = ⅔		
C. Charles's share will be ⅓ of ⅔ = ⅓		
P. Paton (as agreed) will take ⅓ or ⅓		

EXERCISE XIII—No 29

Dr		CASH BOOK				Cr			
		Bank				Bank			
		£	s	d		£	s	d	
19	To M Marsden's Capital	1	60	-	19	By B Blackburn's Cap	1	60	
	B Blackburn's Cap		160			(Share of Goodwill			
	($\frac{1}{2}$ of premium paid					withdrawn)			
	for Goodwill)					P Pinner's Capital	80	-	
	P Pinner's Capital		80	-		(Share of Goodwill			
	($\frac{1}{2}$ of premium paid					withdrawn)			
	for Goodwill)					Balance c/d	1	560	
			£1	800				£1	800
	To Balance b/d		1	560					

EXERCISE XIII—No 30

CASH BOOK
(DEBIT SIDE)

		Bank		
		£	s	d
	To R Reid's Capital	1	560	-
	G Gardner's Capital (For $\frac{2}{3}$ share of premium)		160	-
	C Campbell's Capital (For $\frac{1}{3}$ share of premium)		80	-
			£1	800

EXERCISE XIV—No. 1

Dr		BRANCH ACCOUNT				Cr.	
19 Mar 1	To Goods to Branches	£	s	d			
		9	0	-			

Dr		GOODS SENT TO BRANCHES				Cr			
					19 Mar 1	By Branch A/c	£	s	d
							9	0	-

EXERCISE XIV—No. 2

HEAD OFFICE BOOKS

Dr		BRANCH ACCOUNT				Cr			
19 Jan 1	To Balance	£	s	d	19 Dec 31	By Cash	£	s	d
Dec. 31	" Goods from H O	5	508	10 4	" 31	" Returns to H O	6	871	16 8
" 31	" Cash (Wages)	362	5	8	" 31	" Stock c/d	42	10	9
" 31	" (Rent)	140	10	6			783	15	4
" 31	" Cash (Rates, Taxes and Insurance)	65	11	9					
" 31	" Cash (Sundry Exps.)	81	4	3					
" 31	" Profit and Loss A/c (Profit)	733	5	1					
		£7,710	2	9			£7,710	2	9
Dec 31	To Stock t/d	793	15	4					

EXERCISE XIV- No 3 (A)

HEAD OFFICE BOOKS

Cr

BRANCH ACCOUNT

Dr

		Invoice Price				Invoice Price	
19		s	d	s	d	s	d
Jan 1	To Stock	£ 920	16 8	£ 690	12 6	£ 685	8
Jan -Dec	" Goods from H O	6 841	19 4	5 131	9 6	895	15 4
Dec 31	" Bal Gross Profit			1 704	15 2	12	-
		£ 7 762	16 -	£ 7 526	17 2	£ 7 762	16
Dec 31	To Stocks b/d	895	15 4	671	16 6		
						£ 7 526	17 2

EXERCISE XIV—No 3 (A) (contd)

Dr				BRANCH ACCOUNT (contd).				Cr			
19		£	s	d	19		£	s	d		
Dec 31	To Wages and salaries	372	6	9	Dec 31	By Trading A/c	1704	15	2		
" 31	" Rates, Taxes & Insure	80	10	4		(Gross Profit)					
" 31	" Rent	145	15	6							
" 31	" Sundry Expenses	39	14	11							
" 31	" Balance, Net Profit	1,066	7	8							
		£1704	15	2			£1,704	15	2		

EXERCISE XIV—No 3 (B)

HEAD OFFICE BOOKS

Dr				BRANCH ACCOUNT				Cr			
19		£	s	d	19		£	s	d		
Jan 3	To Stock	820	16	8	Jan -Dec.	By Cash	6825	-	8		
Jan -Dec	" Goods from H O	6,841	19	4	Dec 31	" Stock c/d	895	15	4		
					31	" Branch Adjustm't	12	-	-		
						A/c (apparent loss)					
		£7762	16				£7,762	16	-		

Dr				BRANCH ADJUSTMENT ACCOUNT				Cr			
19		£	s	d	19		£	s	d		
Dec 31	To Balance (% on Stock)	223	18	10	Dec 31	By Balance (% on Stock)	220	4	2		
" 31	" Branch A/c	12	-	-	" 31	" Goods sent to Brchs	1,710	9	10		
" 31	(apparent loss)					(% on Goods)					
" 31	Branch Profit & Loss	1,704	15	2							
	(Gross Profit)										
		£1940	14				£1940	14			

D				GOODS SENT TO BRANCHES				Cr			
19		£	s	d	19		£	s	d		
Dec 31	To Branch Adjustm't A/c	1710	9	10	Jan -Dec.	By Branch A/c	6841	19	4		
" 31	" Trading A/c	5,131	9	6							
	(Goods at Cost)										
		£6841	19	4			£6841	19	4		

EXERCISE XIV—No 4 (b)

Dr		BRANCH GOODS ACCOUNT				Cr	
19		£	s	d	19		£ s d
Jan 1	To Balance	625	13	4	June 30	By Sales—	
Jan June	" Goods from H O	2,517	16	8		Cash £1,608/11/5	
"	" Returns Inwards	28	11	4		Credit 2,976/14/2	
"	" Allowances	13	8	11			4 585 5 7
"	" Branch Profit and Loss A/c (Gross Profit)	2 037	10	10	" 30	" Returns to H O	42 - -
"					" 30	" Stock c/d	592 10 6
		£5 223	1	1			£5 223 1 1
July 1	To Bal (Stock) b/d	595	15	6			

Dr.		BRANCH EXPENSES ACCOUNT					Cr		
19		£	s	d	19		£	s	d
June 30	To Rent, Rates etc	108	12	7	June 30	By Branch Profit and	817	3	5
" 30	" Wages and Salaries	294	6	8		Loss A/c (Transfer)			
" 30	" Sundry Expenses	63	12	5					
" 30	" Bad Debts	218	6	3					
" 30	" Discounts	132	5	6					
		£817	3	5			£817	3	5

Dr		BRANCH DEBTORS' ACCOUNT				Cr		
19		£	s	d	19	£	s	d
Jan 1	To Balance	1 475	9	10	Jan June	By Cash	2 516	14 2
Jan June	Sales	2 976	14	2	"	Discount	1 12	5 6
					"	Returns Inwards	24	11 4
					"	Allowances	13	8 11
					"	Bad Debts	215	6 3
					June 30	Balance c/d	1 542	17 10
		64 452	4	-			64 452	4 -
July 1	To Balance b/d	1 542	17	10				

Dr		BRANCH PROFIT AND LOSS ACCOUNT			Cr			
FOR THE HALF YEAR ENDED 30TH JUNE 19								
		£	s	d		£	s	d
To Branch Expenses	817	3	5	By Branch Goods A/c	2,037	10	10	
" Head Office Profit & Loss A/c (NET profit transferred)	1 220	7	5					
	£2,037	10	10		£2,037	10	10	

EXERCISE XIV--No 5

HEAD OFFICE BOOKS

BRANCH A ACCOUNT

Cr

Dr

	Invoice Price		Invoice Price		Invoice Price
To Stock 1st Jan	£ 1 338	3 4	£ 9 662	2 4	£ 9 662
Goods from Head Office	9 846	12 4	1 476	12 4	1 107
Excess in Stock	12	4 8	28	9 4	21
" Balance Gross Profit c/d			29	16 8	
	£ 11 197	4 10 790	18 3		£ 11 197
					4 10 790
					18 3

Dr

BRANCH B ACCOUNT

Cr

	Invoice Price		Invoice Price		Invoice Price
To Stock 1st Jan	£ 1 672	12 4	£ 10 183	8 8	£ 10 183
Goods from Head Office	10 408	15 8	1 814	12 8	1 360
" Balance Gross Profit c/d			46	11 8	34
			10	4 8	19
			26	10 4	9
	£ 12 081	8 11 579	6 11		£ 12 081
					8 11 579
					6 11

EXERCISE XIV—No. 5 (contd)

(Dr side) BRANCH A EXPENSES ACCOUNT

	£	s	d
To Sundry Expenses	80	12	4
" Salaries	248	15	6
" Rent, Rates, and Taxes	250	16	8
" Depreciation	24	13	9
Total to Transfer to Branch A Profit and Loss A/c	£604	18	3

(Dr side) BRANCH B EXPENSES ACCOUNT

	£	s	d
To Sundry Expenses	139	16	5
" Salaries	318	13	2
" Rent, Rates, and Taxes	296	14	8
" Depreciation	35	17	1
Total to Transfer to Branch B Profit and Loss A/c	£791	1	4

EXERCISE XIV—No 5 (cont'd)

BRANCH PROFIT AND LOSS ACCOUNTS

BRANCH PROFIT AND LOSS ACCOUNTS											
Dr						Cr					
A		B		Total		A		B		Total	
£	s d	£	s d	£	s d	£	s d	£	s d	£	s d
604	18 3	791	1 4	1 395	19 7	2 402	6 6	2 518	5 11	4 920	12 5
1 797	8 3	1 727	4 7	3 524	12 10						
To Branch Exps A/cs , Head Office Profit and Loss A/c (Transfer of Net Profit of Branches)						By Branch A/cs					
£ 2 402	6 6	£ 2 518	5 11			2 402	6 6	2 518	5 11	4 920	12 5

GOODS SENT TO BRANCHES ACCOUNT

Dr	GOODS SENT TO BRANCHES ACCOUNT			Cr		
	£	s	d	£	s	d
To Branch A Returns	21	7			19	3
" Branch B Returns	34	18	9		11	9
" Trading Account	15 135	5	3			
	£15 191	11	-	£15 191	11	-

EXERCISE XIV No 6

APPROXIMATE STOCK ACCOUNT

Cr

Dr

19 Mar	1		f	s	d	19 Mar	31		f	s	d	19 Mar	31		f	s	d
19 Mar	1	To Balance	3 027	16	11	19 Mar	31	By Sales	1 543	10	9	19 Mar	31	Less Returns Inwards	1 505	15	5
		" Purchases	892	19	6			Less 20%	301	3	1				1 204	12	4
		Less Returns Outwards	3 920	16	5			" Balance (estimated Stock) c/d	2 687	15	-				3 892	7	4
Apr	1	To Balance (estimated Stock) b/d	3 892	7	4	Apr	1					Apr	1				
			2 687	15	-												

TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 19

Cr

Dr

	Liverpool Branch				Reading Branch				Total				Liverpool Branch				Reading Branch				Total			
	£	s	d		£	s	d		£	s	d		£	s	d		£	s	d		£	s	d	
To Stock 1st Jan	4 807	13	9		3 946	15	7		8 754	9	4		26 156	18	3		21 546	15	10		47 703	14	1	
By Purchases Net	11 918	14	4		9 867	13	9		21 786	8	1		5 016	14	8		4 028	11	5		9 045	6	1	
By Carriage Inwards	509	12	8		457	11	6		967	4	2													
By Wages	2 386	18	4		1 846	15	9		4 233	14	1													
Balance Gross	11 550	13	10		9 456	10	8		21 007	4	6													
Profit c/d	£ 31 173	12	11		25 575	7	3		56 749	-	2		£ 31 173	12	11		25 575	7	3		56 749	-	2	
To Bad Debts	607	14	9		550	18	6		1 158	13	3													
By Travellers Salaries etc	1 814	5	10		1 328	13	7		3 142	19	5													
Discounts Allowed	1 605	10	2		1 572	14	8		3 178	4	10													
Sundry Expenses	3 017	14	11		2 856	11	5		5 874	6	4													
Horse & Stable Exps	327	3	7		246	9	10		573	13	5													
Rent Rates & Taxes	382	10	6		298	10	6		681	1														
Bad Debts Reserve	845	15	7		674	2	6		1 519	18	1													
Depreciation	40	12	11		25	1	9		65	14	8													
Balance Net Profit of Branches	3 423	1	3		2 302	4	1		5 725	5	4													
	£ 12 064	9	6		9 845	6	10		21 919	16	4		£ 12 064	9	6		9 855	6	10		21 919	16	4	

EXERCISE XIV—No. 7 (cont'd.)

GENERAL PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st DECEMBER, 19..

5

Dr.		By Branch Profits—		£	s	d	£	s	d
To Salaries	987	16	2	By Liverpool	3	423	1	3	
" Directors' Fees	450	10	6	Reading	2	302	4	1	
" Debenture Interest	600	—	—						
" Rent, Rates, and Taxes	287	14	6				5	725	5
" Depreciation	17	10	4						
" Balance Net Profit	3	381	13						
							£5,725	5	4

BALANCE SHEET AS AT 31ST DECEMBER 19..

[illegible]

EXERCISE XIV—No 8

HEAD OFFICE TRIAL BALANCE (CONVERTED)

	£	s	d	£	s	d
Sundry Assets	12 317	4	2			
Branch Current Account	3 710	11	4			
Goods in Transit	250	-	-			
Sundry Creditors				3 017	15	6
Remittances from Branch				1 260		
Capital				12 000	-	-
	£16 277	15	6	£16 277	15	6

BRANCH TRIAL BALANCE (CONVERTED)

	£	s	d	£	s	d
Sundry Assets	2 847	10	9			
Remittances to Head Office	1 260					
Remittances in Transit	60	-	-			
Sundry Creditors				456	19	5
Head Office Account				3 710	11	4
	£4 167	10	9	£4 167	10	9

BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES	£	s	d	ASSETS	£	s	d
Capital	12 000	-	-	Sundry Assets	15 164	14	11
Sundry Creditors	3 474	14	11	Goods in Transit	250		
				Remittances in Transit	60	-	-
	£15 474	14	11		£15 474	14	11

EXERCISE XIV—No. 9

HEAD OFFICE JOURNAL

		<i>£</i>	<i>s</i>	<i>d</i>	<i>£</i>	<i>s</i>	<i>d</i>
19 Dec 31	Remittances from Branch	2,360	-	-	2 360	-	-
	To Branch Account						
	Balance transferred						
" 31	Branch Trading Account	3,676	15	6	3,676	15	6
	To Branch Account						
	Stock, 1st Jan	675	11	2			
	Purchases	2,916	16	7			
	Carriage Inwards	84	7	9			
	Balances transferred						
" 31	Branch Account	5 173	12	4	5,173	12	4
	To Branch Trading Account						
	Sales	4 482	16	8			
	Stock, 31st Dec	710	15	8			
	Balances transferred						
" 31	Branch Trading Account	1 496	16	10			
	Branch Account	10	14	11			
	To Branch Profit and Loss Account				1,507	11	9
	Gross profit and discount received transferred						
" 31	Branch Profit and Loss Account	740	12	11	740	12	11
	To Branch Account						
	Wages and Salaries	428	13	11			
	Rent, Rates and Taxes	92	15	3			
	Discounts Allowed	86	19	4			
	Sundry Expenses	65	11	7			
	Bad Debts	35	18	5			
	Depreciation	30	14	5			
	Balances transferred						
" 31	Branch Profit and Loss Account	766	18	10	766	18	10
	To Head Office Profit and Loss A/c						
	Net profit of branch transferred						
		<i>£</i> 14 225	11	4	<i>£</i> 14 225	11	4

HEAD OFFICE BOOKS

Dr

REMITTANCES FROM BRANCH

Cr.

		<i>£</i>	<i>s</i>	<i>d</i>			<i>£</i>	<i>s</i>	<i>d</i>
19 Dec 31	To Branch A/c	2,360	-	-	19 Jan Dec	By Cash	2 360	-	-

EXERCISE XIV—No 9 (contd)

Dr		BRANCH ACCOUNT					Cr		
19		£	s	d	19		£	s	d
Jan 1	To Balance	3 516	16	6	Dec 31	By Remittances from			
Dec 31	Branch Trading	5 173	12	4		Branch A/c	2 360		
31	Branch Profit & Loss	10	14	11	31	Branch Trading	3 678	15	6
					31	Branch Profit & Loss	740	12	11
					31	Balance c/d	1 923	15	4
		£8 701	3	9			£8 701	3	9
19									
Jan 1	To Balance b/d	1 923	15	4					

BRANCH TRADING ACCOUNT

Dr FOR THE YEAR ENDED 31ST DECEMBER 19 Cr

To Branch Account—		£	s	d	By Branch Account—		£	s	d
Stock 1st Jan		67	11	2	Sales		4 462	16	8
Purchases		2 916	16	7	Stock 31st Dec		710	15	8
Carriage Inwards		84	7	9					
Branch Profit & Loss A/c (gross profit)		1 496	16	10					
		£5 173	12	4			£5 173	12	4

BRANCH PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 31ST DECEMBER 19 Cr

To Branch Account—		£	s	d	By Branch Trading A/c		£	s	d
Wages & Salaries		428	13	11	(gross profit)		1 496	16	10
Rent Rates and Taxes		92	15	3	Branch Account—				
Discts Allowed		86	19	4	Discts Received		10	14	11
Sundry Expenses		65	11	7					
Bad Debts		35	18	5					
Depreciation		30	14	5					
Head Office Profit & Loss A/c (NET profit transferred)		766	18	10					
		£1 507	11	9			£1 507	11	9

EXERCISE XIV—No 9 (contd)

BRANCH BOOKS

Dr		REMITTANCES TO HEAD OFFICE				Cr	
19 Jan-Dec.	To Cash	£	s	d	19 Dec. 31	By Head Office A/c	£ s d
		2 360	-	-			2 360 - -

Dr		HEAD OFFICE ACCOUNT				Cr	
19 Dec. 31	To Remittances to Head Office A/c	£	s	d	19 Jan 1	By Balance	£ s d
		2 360	-	-	Dec. 31	" Profit and Loss A/c (Transfer of NET profit)	3 516 16 6
	" Balance c/d	1 923	15	4			766 18 10
		£4,283	15	4			£4,283 15 4
					19 Jan. 1	By Balance b/d	1,923 15 4

TRADING AND PROFIT AND LOSS ACCOUNT

Dr		FOR THE YEAR ENDED 31ST DECEMBER, 19..				Cr	
To Stock 1st Jan	£	s	d	By Sales	£	s	d
" Purchases from H O	675	11	2	" Stock, 31st Dec.	4 462	16	8
" Carriage Inwards	2 916	16	7		710	15	8
" Bal. GROSS PROFIT	84	7	9				
	1 496	16	10				
	£5 173	12	4			£5,173	12 4
To Wages and Salaries	428	13	11	By Trading Account	1 496	16	10
" Rent Rates & Taxes	92	15	3	" Discount Received	10	14	11
" Sundry Expenses	65	11	7				
" Bad Debts	35	18	5				
" Discounts Allowed	86	19	4				
" Depreciation	30	14	5				
" H O A/c (NET profit transferred)	766	18	10				
	£1 507	11	9			£1 507	11 9

BALANCE SHEET AS AT 31ST DECEMBER, 19..

LIABILITIES		£	s	d	ASSETS		£	s	d
Sundry Creditors		154	12	6	Cash		187	5	10
Head Office Account—					Sundry Debtors		847	13	5
Balance 1st Jan.	3,516 16 6				Stock		710	15	8
Less Remittances	2 360 - -				Horses and Carts		256	14	2
	£1,156 16 6				(less Depreciation)				
Add Profit for year.	796 18 10				Furniture and Fixtures		75	15	9
		1,923	15	4	(less Depreciation)				
		£2 078	7	10			£2 078	7	10

FOR THE YEAR ENDED 31ST DECEMBER 19

GENERAL TRADING AND PROFIT AND LOSS ACCOUNT

Cr

	London			Edinburgh			Dublin			Total		
	£	s	d	£	s	d	£	s	d	£	s	d
To Stock 1st Jan	6 174	10	7	4 629	15	4	3 852	19	4	14 657	5	3
Purchases	37 838	19	5	29 085	17	2	24 678	10	2	91 641	6	9
Branches from												
" Branches	3 047	8	10	2 875	14	9	2 359	11	6	8 282	15	1
" Carriage inwards	264	13	8	425	9	10	397	11	7	1 357	15	1
" Wages	3 814	3	9	2 672	11	5	2 075	16	3	9 361	11	5
" Balance c/d	13 578	3	4	8 568	19	3	8 084	10	1	30 947	12	8
Gross Profit	£ 65 033	15	7	48 279	7	9	41 448	18	11	£ 154 762	6	3
To Discounts Allowed	627	16	8	457	9	8	357	9	10	1 442	18	2
" Carriage Outwards	925	14	9	814	4	11	699	15	8	2 432	15	4
" And Debits	368	18	5	219	15	3	156	13	9	685	7	5
" Frig & Stationery	297	1	3	229	16	5	126	17	5	613	11	3
" Advertising	286	17	5	235	18	9	19	6	4	729	17	4
" Salaries	732	19	11	596	18	4	438	14	2	1 766	12	5
" Trade Expenses	197	14	11	134	13	7	86	18	4	419	6	10
" Depreciation of Plant etc	571	13	2	440	13	2	341	17	6	1 344	1	10
" Int on Capitals	1 012	6	9	708	12	6	513	16	9	2 254	16	
" Balance c/d	9 132	2	11	8 132	10	2	5 481	12	10	19 746	5	11
NET PROFIT	£ 14 073	17	2	£ 8 971	12	9	£ 8 392	7		£ 31 437	10	6
To Capital & Discounts—												
" 1. 1. nch (London)	6 088	1	10	1 293	2	7	1 827	4	3	9 198	8	8
" G. Green (Edinburgh)	1 892	7	7	2 576	5	1	1 527	4	3	5 915	9	11
" R. Roberts (Dublin)	1 32	0	0	1 283	2	6	1 827	4	4	4 632	7	4
	£ 9 112	2	11	£ 5 132	10	2	£ 5 431	12	10	£ 19 746	5	11

EXERCISE XIV—No 10 (cont'd)

BALANCE SHEET (ORDINARY FORM) AS AT 31ST DECEMBER 19

[illegible]

EXERCISE XIV—No. 10 (contd)

LONDON'S LEDGER

Dr				EDINBURGH CURRENT ACCOUNT				Cr					
19				£	s	d	19				£	s	d
Jan 1	To Balance			2,388	14	5	Dec 31	By F Finch			1,522	-	7
Dec 31	" G Green			1,283	2	7		(Share of London Profit)					
	(Share of 1894 Bought Profit)						31	" Balance c/d			2,147	16	5
				£11,654	17	-					£3,109	17	-

Dr				DUBLIN CURRENT ACCOUNT				Cr					
19				£	s	d	19				£	s	d
Jan 1	To Balance			2 017	18	9	Dec 31	By F Finch			1 522	-	6
Dec 31	" R Roberts			1 827	4	3		(Share of London Profit)					
	(Share of DUBLIN Profit)						31	" Balance c/d			2 923	2	6
				£3 845	3	-					£3 845	3	-

Dr				F. FINCH'S CAPITAL ACCOUNT				Cr			
19		£	s	d	19			£	s	d	
Dec 31	To Drawings	9 000			Jan 1	By Balance	20 646	15	7		
" 31	Balance c/d	27 877	11	-	Dec 31	" Interest	1 032	6	9		
						" Share of Profit—					
						London	6 088	1	10		
						Edinburgh	1 283	2	7		
						Dublin	1 827	4	3		
		£ 27 877	11	-			£ 30 877	11	-		
					Dec 31	By Balance b/d	27 877	11	-		

EDINBURGH'S LEDGER

Dr			LONDON CURRENT ACCOUNT			Cr				
19			£	s	d	19		£	s	d
Dec 31	To F Finch		1 522	14	5	Jan 1	By Balance	2 388	14	5
	(Share of London Profit)					Dec 31	" G Green	1 283	2	7
" 31	" Balance c/d		2 147	16	5		(Share of Edinburgh Profit)			
			£3 609	17	-			£3 609	17	-

Dr				DUBLIN CURRENT ACCOUNT				Cr			
19 Jan. 1 Dec 31	To Balance " R Roberts (Share of Dublin Profit)	£ 1 027 1 827	s 12 4	d 8 3	19 Dec 31 " 31	By G Green (Share of Ennis " Profit) " Balance c/d	£ 1 283 1,571	s 2 14	d 6 5		
		£2 854	16	11			£2 854	16	11		

EXERCISE XIV—No 10 (contd)

Dr		G GREEN'S CAPITAL ACCOUNT										Cr		
19				£	s	d		19				£	s	d
Dec 31	To Drawings			2,500				Jan 1	By Balance			14 172	10	3
31	Balance c/d			18 296	12	10		Dec 31	Interest			708	12	6
								31	Share of Profit—					
									London			1 522		7
									Edinburgh			2 566	5	1
									Dublin			1 827	4	3
				£	20 796	12 10						£	20 796	12 10
								Dec 31	By Balance b/d			18 296	12	10

DUBLIN S LEDGER

Dr		LONDON CURRENT ACCOUNT						Cr	
19		£	s	d	19		£	s	d
Dec 31	To F Finch	1 522	-	6	Jan 1	By Balance	2 017	18	9
	(Share of LONDON Profit)				Dec 31	R Roberts	1 827	4	3
	Balance c/d	2 323	2	6		(Share of DUBLIN Profit)			
" 31		£3 845	3				£3 845	3	

Dr		EDINBURGH CURRENT ACCOUNT						Cr			
19			£	s	d	19			£	s	d
Dec 31	To G Green		1 283	2	6	Jan 1	By Balance		1 027	12	8
	(Share of Edin burgh Profit)					Dec 31	R Roberts		1 827	4	3
" 31	, Balance c/d		1 571	14	5		(Share of DUBLIN Profit)				
			£2 834	16	11				£2 854	16	11

Dr				R ROBERTS'S CAPITAL ACCOUNT				Cr				
19				£	s	d		19				
Dec 31	To Drawings			2 000				Jan 1	By Balance	£	s	d
" 31	Balance c/d			13 422	18	4		Dec 31	Interest	10 276	14	3
									Share of Profit—	513	16	3
									London	1 522		6
									Edinburgh	1 283	2	6
									Dublin	1 827	4	4
				£	15 422	18 4				£	15 422	18 4
								Dec 31	By Balance b/d	13 422	18	4

EXERCISE XIV—No 11

HEAD OFFICE BOOKS

Dr.		BRANCH ACCOUNT (MANCHESTER)					Cr		
19 July 1	To Balance—	£	s	d	19 July-Dec	By Sales—	£	s	d
	Stock	720	-	-		Cash	1 214	-	-
	Debtors	1 227	-	-		Credit	2 384	-	-
July-Dec.	" Goods from H O	2 178	-	-	Dec 31	" Balance c/d—			
Dec 31	" Balance	1 804	-	-		Stock	1,121	-	-
	GROSS PROFIT					Debtors	1 210	-	-
		£3 929	-	-			£3 929	-	-

BRANCH PROFIT AND LOSS ACCOUNT

<i>Dr</i>		FOR HALF YEAR ENDED 31ST DECEMBER, 19..			<i>Cr.</i>		
	£	s	d		£	s	d
To Rent Rates, etc	375	-	-	By Branch Account	1,804	-	-
„ Wages and Sundry Expenses	396	-	-				
„ Balance, NET profit	1,033	-	-				
	£1 804	-	-		£1 804	-	-

<i>Dr</i>		CASH BOOK					<i>Cr</i>		
19 July-Dec	To Branch Accounts— Sales Debtors	£	s	d	19 July-Dec	By Branch Accounts— Rent & Taxes, &c. Wages & Sundry Expenses	£	s	d
		1 214	-	-			375	-	-
		2 384	-	-			396	-	-
		<u>£3 598</u>					<u>£771</u>		

EXERCISE XIV—No 12

LONDON'S LEDGER

Dr		SWANSEA CURRENT ACCOUNT			Cr				
19 Dec 31	To A & B's Share of Profit	£	s	d	19 Jan 1	By Balance	£	s	d
		2 000	-	-	Dec 31	" C's Share of Profit	3 000	-	-
" 31	" Balance c/d	2 500	-	-			1,500	-	-
		£4 500	-	-			£4 500	-	-
					Dec. 31	By Balance b/d	2 500	-	-

EXERCISE XIV—No 12 (contd)

Dr		GLASGOW CURRENT ACCOUNT				Cr			
19 Jan 1	To Balance	£	s	d	19 Dec 31	By D's Share of Profit	£	s	d
Dec 31	A & B's Share of Profit	2 000			31	Balance c/d	1 500		
		3 200					3 700		
		£ 200					£ 200		
Dec 31	To Balance b/d	3 700							

Dr		A S CAPITAL ACCOUNT				Cr			
19 Dec 31	To Draw ings	£	s	d	19 Jan 1	By Balance	£	s	d
31	Balance c/d	1 000			Dec 31	Share of Profit—	10 000		
		14 600				London	3 000		
						Glasgow	1 600		
						Swansea	1 000		
		£	15 600				£	15 600	
	B S CAPITAL A/C AS A S				Dec 31	By Balance b/d	14 600		

SWANSEA'S LEDGER

Dr		LONDON CURRENT ACCOUNT				Cr			
19 Jan 1	To Balance	£	s	d	19 Dec 31	By A & B's Share of Profit	£	s	d
Dec 31	C's Share of Profit	3 000			31	Balance c/d	2 000		
		1 500					2 500		
		£4 500					£4 500		
Dec 31	To Balance b/d	2 500							

Dr		GLASGOW CURRENT ACCOUNT						Cr	
19 Dec 31	To C's Share of Profit	£	s	d	19 Jan 1	By Balance	£	s	d
" 31	Balance c/d	1 600			Dec 31	D's Share of Profit	4 000		
		3 400					1 000		
		£5 000					£5 000		
					Dec 31	By Balance b/d	3 400		

Dr		C S CAPITAL ACCOUNT				Cr			
19 Dec 31	To Drawings	£	s	d	19 Jan 1	By Balance	£	s	d
31	Balance c/d	1 000			Dec 31	Share of Profit—	5 000		
		10 100				London	1 500		
						Glasgow	1 600		
						Swansea	3 000		
		£ 11 100					£ 11 100		
					Dec 31	By Balance b/d	10 100		

EXERCISE XIV—No 12 (contd)

GLASGOW'S LEDGER

Dr.				LONDON CURRENT ACCOUNT				Cr.			
19 Dec. 31	To D's Share of Profit	£	s. d.	19 Jan. 1	By Balance	£	s. d.	2,600	-	-	
" 31	" Balance c/d	3,700	-	Dec. 31	" A & B's Share of Profit	3,200	-	-	-	-	
		£3,200	-			£5,200	-	-			
				Dec. 31	By Balance b/d	3,700	-	-			

Dr.				SWANSEA CURRENT ACCOUNT				Cr.			
19 Jan. 1	To Balance	£	s. d.	19 Dec. 31	By C's Share of Profit	£	s. d.	1,800	-	-	
Dec. 31	" D's Share of Profit	1,600	-	" 31	" Balance c/d	3,400	-	-	-	-	
		£3,000	-			£3,000	-	-			
Dec. 31	To Balance b/d	3,400	-								

Dr.				D'S CAPITAL ACCOUNT				Cr.			
19 Dec. 31	To Drawings	£	s. d.	19 Jan. 1	By Balance	£	s. d.	5,000	-	-	
" 31	" Balance c/d	9,400	-	Dec. 31	" Share of Profit— London Glasgow Swansea	1,500 2,400 1,000	-	-	-	-	
		£9,900	-			£4,900	-	-			
				Dec. 31	By Balance b/d	9,400	-	-			

GENERAL BALANCE SHEET AS AT 31ST DECEMBER, 19..

LIABILITIES				ASSETS			
Creditors	£	s. d.		Cash	£	s. d.	
Capital Accounts—				Debtors	43,000	-	-
A	£14,600			Stock	21,000	-	-
B	14,600						
C	16,100						
D	9,400						
	48,700	-	-				
	£80,200	-	-		£80,200	-	-

EXERCISE XIV—No 13

BRANCH (MAIDSTONE)

PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 31ST DECEMBER, 19 .

Cr

	£	s	d		£	s	d
To Coal from H O	1,748	-	-	By Sales of Coal	1,750	-	-
„ Salaries, Rent and Expenses	620	-	-	„ Stock, 31st Dec	984	-	-
„ Bal NET PROFIT	366	-	-				
	£2,734	-	-		£2,734	-	-

HEAD OFFICE JOURNAL

		£	s	d	£	s	d
19 Dec 31	Branch Profit and Loss Account To Branch Account	2,368	-	-	2,368	-	-
	Coal from Head Office			£1,748			
	Salaries, Rent etc			620			
	Balances transferred						
„ 31	Branch Account To Branch Profit and Loss Account	2,734	-	-	2,734	-	-
	Sale of Coal			£1,750			
	Stock 31st Dec			984			
	Balances transferred						
„ 31	Branch Profit and Loss Account To Head Office Profit and Loss A/c	366	-	-	366	-	-
	Balance transferred						
„ 31	Cash	78	-	-			
	Debtors	640	-	-			
	Stock	984	-	-			
	Horses and Carts	280	-	-			
	To Branch Account				1,982	-	-
	Balances transferred						
„ 31	Branch Account To Sundry Creditors	1,616	-	-	42	-	-
	Head Office Adjustment				1,574	-	-
	Balances transferred						
		£9,066	-	-	£9,066	-	-

EXERCISE XIV—No 14.

See Advanced Accounts, Chapter XIV

EXERCISE XIV—No 15

The Remittance to the Branch for £500 would be deducted from the Branch Account and shown as a Remittances in Transit Account. This item would *not* then show as a charge against the Branch but as a separate item in the Balance Sheet (See also *Advanced Accounts* under Goods and Remittances in Transit.)

EXERCISE XIV—No 16

Dr BRANCH TRADING ACCOUNTS

Cr

	K	P	Q	Total		K	P	Q	Total
	£	£	£	£		£	£	£	£
To Branches— Goods from H O	00	600	900	2 200	By Branches— Sales	1 000	900	1 350	3 250
Returns I/wds	50	36	60	146	Returns to H O	10	9	21	40
Branch Profit and Loss A/c's (Gross Profits)	360	593	521	1 774	Stocks 31st Dec	100	120	110	330
	£1 110	£1 029	£1 481	£3 620		£1 110	£1 029	£1 481	£3 620

Dr BRANCH PROFIT AND LOSS ACCOUNTS

Cr

	K	P	Q	Total		K	P	Q	Total
	£	£	£	£		£	£	£	£
To Branches— Rent Rates etc	31	29	40	100	By Branch Trading Accounts	360	393	521	1 274
Wages and Salaries	39	40	45	124					
Balance N & r Profit trans- ferred to H O P & L A/c	290	324	436	1 050					
	£360	£393	£521	£1 274		£360	£393	£521	£1 274

Dr BRANCH DEBTORS ACCOUNT

Cr

	K	P	Q	Total		K	P	Q	Total
	£	£	£	£		£	£	£	£
To Sales	1 000	900	1 350	3 250	By Returns I/wds	£ 50	£ 36	£ 60	£ 146
					Cash	850	770	1 200	2 720
					Balance c/d	100	144	90	334
	£1 000	£900	£1 350	£3 250		£1 000	£900	£1 350	£3 250
To Balance b/d	100	144	90	334					

HEAD OFFICE JOURNAL

		K	P	Q	K	P	Q	K	P	Q
19 Dec 31	Branch Trading Account To Branch Account Goods from Head Office Balance transferred	£	£	£	£	£	£	£	£	£
					700	600	900	700	600	900
31	Branch Trading Account To Branch Account Returns Inwards Balance transferred				50	36	60	50	36	60
31	Branch Account To Branch Trading Account Sales Stock 31st Dec Returns to Head Office Balance transferred	1 000 100 10 £1 110	800 100 9 £1 029	1 350 110 21 £1 481	1 110	1 029	1 481	1 110	1 029	1 481
31	Branch Trading Account To Branch Profit and Loss Account Balance transferred				360	393	821	360	393	821
31	Branch Profit and Loss Account To Branch Account Sales and Taxes Wages Balance transferred	31 33 £70	29 40 £69	40 45 £85	70	69	85	70	69	85
31	Branch Profit and Loss Account To Head Office Profit and Loss Account Transfer of net profit of branches				250	324	436	250	324	436
31	Sundry Debtors To Sales				1 000	900	1 350	1 000	900	1 350
31	Cash Returns Inwards To Sundry Debtors				850 50	720 68	1 200 60	850 50	720 68	1 200 60
		£4 480	£4 107	£6 093	£4 480	£4 107	£6 093	£4 480	£4 107	£6 093

THE MANUFACTURING CO LTD

TRADING AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 19 .

Cr

Dr

	Head Office			Branch A			Branch B			Totals			Head Office			Branch A			Branch B			Total		
	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d
To Stock 1st Jan	11 215	8	1	2 812	3	7	1 394	17	6	16 052	6	2	138 434	2	5	112 517	—	2	53 540	6	3	138 434	—	5
By Sales Net	65 030	5	11	94 167	2	3	44 267	—	2	68 080	5	11	138 434	2	5	3 02	12	1	1 227	9	4	166 057	6	5
By Goods to Branches																								
By Sales Net	39 651	1	11	2 419	3	4	2 622	3	4	44 692	5	3	10 527	4	5	3 02	12	1	1 227	9	4	15 479	5	10
By Sales Net	32 974	13	11	15 143	6	5	6 583	14	7	53 701	14	11												
Gross Income																								
	£148 831	0	10	£115 541	12	3	25 467	15	7	£319 970	14	8	£148 961	6	10	£115 541	12	3	25 467	15	7	£319 970	14	8
To Salaries	1 500			247	14	4	276	6	6	2 024	14	7	32 374	13	11	10 143	6	5	6 583	14	7	55 701	14	11
By Car to Branches	1 518	14	7							1 516	14	7												
By Rates and Taxes	323	2	9	442	6	7	328	14	4	1 094	3	8												
By General Exps	517	9	2	2 016	4	6	1 736	6	8	4 380	4	4												
By Bad Debts				1 352	8	2	746	17	11	2 233	6	1												
By Income Tax	447	10	8							447	10	8												
By Directors Fees	100									1 000	—													
By Audit Fee	105									105	—													
By 10 bits Res				240	10	1	134	5	1	371	15	2												
Depreciations—																								
Buildings etc 10%	900	—								800	—													
Furniture etc 5%	25			35	—		40	—		100	—													
By Net Profit	28 739	16	9	11 609	2	9	3 261	4	1	41 610	3	7	£32 974	13	11	£16 143	6	5	£6 583	14	7	£55 701	14	11
	£32 974	13	11	£16 143	6	5	£6 583	14	7	£55 701	14	11												

Dr

APPROPRIATION ACCOUNT

Cr

	£	s	d	£	s	d	£	s	d	£	s	d
To Good will (amount written off)	5 600	—	—	5 600	—	—				2 174	2	1
By Reserve Account	10 000	—	—	10 000	—	—				26 739	16	9
By Balance to Balance Sheet	28 784	5	8	28 784	5	8				11 609	2	9
										3 261	4	1
										43 784	5	8

THE MANUFACTURING CO., LTD
BALANCE SHEET AS AT 31ST DECEMBER, 19..

CAPITAL AND LIABILITIES.		£		s	d	£	s	d	PROPERTY AND ASSETS		£	s	d	£	s	d
Nominal Capital—		150 000		—	—				Freehold Premises—		40,000	—	—	60,000	—	—
15,000 Shares of £10 each.									Head Office		10,000	—	—			
Issued and Paid up Capital—									Branch A		10,000	—	—			
8,000 Shares of £10 each									Branch B		8,000	—	—	7,200	—	—
Reserve Fund									Plant and Machinery		800	—	—			
Sundry Creditors—									Less Depreciation			—	—			
Head Office		11 247		13	2				Furniture and Fixtures—Head Office		500	—	—			
Branch A		341		6	6				Less Depreciation		25	—	—			
Branch B		547		12	1				Furniture and Fittings—Branch A		700	—	—	475	—	—
Profit and Loss Account—									Less Depreciation		35	—	—			
Balance available for Distribution									Furniture and Fittings—Branch B		600	—	—	665	—	—
									Less Depreciation		40	—	—			
									Goodwill		30 000	—	—	760	—	—
									Less Amount written off		5 000	—	—	25,000	—	—
									Stocks—							
									Head Office		10 527	4	5			
									Branch A		3,024	12	1			
									Branch B		1 927	9	4	15 479	5	10
									Sundry Debtors—Branch A		9 620	2	9			
									Less Bad Debts Reserve		240	10	1			
									Sundry Debtors—Branch B		8 070	3	2	9 979	12	8
									Less Bad Debts Reserve		134	5	1			
									Cash in Bank		6 790	1	6	5 235	18	1
									Cash in Hand / —							
									Head Office		14	7	2			
									Branch A		83	2	9			
									Branch B		48	9	5			
														8,926	—	10
														£131,120	17	5

EXERCISE XIV—No 18

THE X Y Z MANUFACTURING CO LTD

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

Cr

Dr	Factory	Branch A	Branch B	Total	Factory	Branch A	Branch B	Total	Total
To Stocks 1st Jan	£ 10 216	£ 3 218	£ 1 16	£ 15 624	£ 75 067	£ 100 715	£ 1 922	£ 177 704	£ 75 067
To Purchases	£ 78 518			£ 78 518	£ 45 350	£ 7 555 670	£ 2 6	£ 156 385	£ 45 350
To Goods from City									
" Vages	£ 41 316			£ 41 316					
" Sundry Exps	£ 517			£ 517					
" Manager's Salary	£ 1 000			£ 1 000					
" Rates	£ 316			£ 316					
" Deprec at on	£ 750			£ 750					
" Gross Profit									
To Trading A/c	£ 190 632	£ 105 305	£ 3 57 532	£ 299 529	£ 1 0 632	£ 105 305	£ 3 57 532	£ 299 529	£ 1 0 632
To Car to Branches	£ 837			£ 837					
To Sales	£ 2 517			£ 2 517					
To Rates etc									
To Sundry Exps									
To Bad Debts									
To Deprec at on									
To Bal									
Net Profit									
	£ 3 354	£ 6 819	£ 10 052	£ 40 227	£ 3 354	£ 6 819	£ 10 052	£ 40 227	£ 40 227

GENERAL PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

Cr

Dr	Factory	Branch A	Branch B	Total	Factory	Branch A	Branch B	Total	Total
To Factory Loss									
To Sales									
To Income Tax									
To Deprec at on									
To Debit Interest									
To Balance Sheet									
	£ 24 192	£ 11	£ 6	£ 25 209	£ 1 62	£ 18 937	£ 3 604	£ 23 163	£ 23 163

By He d Office Profit from last year

Net Profit of Branches

A

B

C

D

E

F

G

H

I

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K

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EXERCISE XIV—No 19

THE UNITED KINGDOM TRADING CO LTD

Cv

Dr BRANCH TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 19

	Northern			Southern			Total			Northern			Southern			Total		
	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d
To Stocks 1st April	2 879	2	3							15 772	3	1	8 806	12	2	24 578	15	3
Purchases	8 368	4	5															
Allowances to Southern Branch	46	5											46	5		46	5	
Wages	3 495	13	4							2 960	17	9	1 564	10	2	4 525	7	11
Bal Gross Profit	3 943	15	10															
	£ 18 733	10								£ 18 733	10		10 417	7	4	29 150	8	2
To Trade Expenses																		
Salaries	754	10											549	2	8	1 303	12	8
Rent Rates & Taxes	290												175			465		
Bad Debts Reserve	455												274	3	6	729	3	6
Duct Res on Drs	250												125			375		
Deprecn of Plant	156	2	10										36	15	2	192	18	
Bal Net Profits of Branches	262	10											187	10		450		
	1 775	13	—										1 299	1	2	3 074	14	2
	£ 3 943	15	10							£ 3 943	15	10	£ 2 646	12	6	£ 6 590	8	4

EXERCISE XIV—No 19 (cont'd)

THE UNITED KINGDOM TRADING CO., LTD

GENERAL PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 19

Cr

Dr	£			s			d			£			s			d		
	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d
To Expenses at Head Office	515	9	2	By Net Profits of Branches—						1,775	13	—				3,074	14	2
Rent, Rates, etc (Head Office)	217	10	—	Northern						1,299	1	2				14	1	3
Debiture Interest (including 1 yr accrued)	225	—	—	Southern														
Directors Fees	750	—	—	Interest on Consols														
Bank Charges	56	5	—	(less Income Tax)														
Balance, Net Profit.	1,324	11	3															
	£3,088	15	5													£3,088	15	5

THE UNITED KINGDOM TRADING CO LTD
BALANCE SHEET AS AT 31ST MARCH 19

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EXERCISE XIV—No. 20.

JOURNAL OF HEAD OFFICE

		£	s	d	£	s	d
19 .	South Africa Factory (Current A/c) To B/L Payable Our acceptance of bills drawn on H O by Manager in S A	5,000	-	-	5,000	-	-
	Head Office Profit and Loss A/c . To South Africa Factory (Cur A/c). For loss on working S A. factory transferred.	2,000	-	-	2,000	-	-
		7,000	-	-	7,000	-	-

CASH BOOK OF HEAD OFFICE

(CREDIT SIDE)

		Bank	£	s	d
19	By South Africa Factory (Current A/c)		10,000	-	-

EXERCISE XIV—No. 21

The answer to this question may be taken from *Advanced Accounts*

EXERCISE XIV—No 22

BRANCH TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31st DECEMBER 19

Dr

	Invoice Price	Net		Invoice Price	Net	
		£	s d		£	s d
To Stock 1st Jan	£ 1 250	1 000	-		£ 5 400	-
Goods from Head Office	9 100	7 280	-		3 500	-
Balance (apparent gain)	50	1 820	-		1 500	-
Balance Gross Profit		10 100	-	£ 10 400	10 100	-
	£ 10 400	340	-		1 820	-
		400	-			-
		80	-			-
		1 000	-			-
		£ 1 820	-		£ 1 820	-
To Wages						
" Rent						
" Sundry Expenses						
" Balance Net Profit						

By Sales—
Cash
Cred t
Stock 31st Dec

By Trading Account - -

EXERCISE XIV—No. 23.

A B MERCHANT TRADING CO LTD
TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19..

Cr

Dr.

	London		Brazil		TOTAL		London		Brazil		TOTAL	
	£	s d	£	s d	£	s d	£	s d	£	s d	£	s d
To Stocks, 1st Jan	15,000	-	12,000	-	27,000	-	80,000	-	105,000	-	185,000	-
" Purchases	60,000	-	3,000	-	63,000	-	16,000	-	13,000	-	29,000	-
" Goods from London			80,000	-	80,000	-						
" Landing Chgs			8,000	-	8,000	-						
" Balance, GROSS	21,000	-	15,000	-	36,000	-						
PROFIT												
	£ 96,000	-	£ 118,000	-	£ 214,000	-	£ 96,000	-	£ 118,000	-	£ 214,000	-
To Directors' Fees	500	-			500	-			15,000	-	36,000	-
" Salaries	850	-	2,500	-	3,350	-						
" Office Rent &c	150	-	1,700	-	1,850	-						
" Balance, NET	19,500	-	10,800	-	30,300	-						
PROFIT												
	£ 21,000	-	£ 15,000	-	£ 36,000	-	£ 21,000	-	£ 15,000	-	£ 36,000	-

EXERCISE XIV—No 23 (contd.)

A B MERCHANT TRADING CO LTD
BALANCE SHEET AS AT 31ST DECEMBER 19

CAPITAL AND LIABILITIES	£	s	d	£	s	d	PROPERTY AND ASSETS	£	s	d	£	s	d
<i>Nominal Capital—</i>							<i>Factories—</i>						
5 000 5% Preference Shares of £10 each	50 000		-				London	10 000		-			
50 000 Ordinary Shares of £1 each	50 000		-				Brazil Branch	6 000		-			
							Furniture London				16 000		
							<i>Stocks—</i>				300		
							London	16 000		-			
							Brazil Branch	13 000		-			
							<i>Sundry Debtors—</i>				29 000		
<i>Issued Capital—</i>							London	300		-			
5 000 5% Preference Shares £5 per share paid				25 000		-	Brazil Branch	27 000		-			
50 000 Ordinary Shares of £1 each 10/ per share paid				25 000			Bills Receivable				27 300		
<i>Sundry Creditors—</i>							<i>Cash in Bank—</i>				10 000		
London	4 000						London	2 550		-			
Brazil Branch	1 500						Brazil Branch	2 000		-			
				5 500							4 550		
Expenses Outstanding				150									
<i>Profit and Loss Account—</i>													
Balance at Head Office 1st Jan	1 200												
Add Current Year's Profits—													
London													
Brazil Branch	30 300		-										
				31 500									
				£ 87 150		-					£ 87 150		-

EXERCISE XIV—No 24 (*contd*)

<i>Dr</i>		PREMISES EXTENSION ACCOUNT				<i>Cr</i>	
19 Jan	June	To Cash	£	s	d	19 June	30
			1 500	-		By Head Office A/c	
						£	s
						1 500	

EXERCISE XIV—No 25

The tea sold through brokers would of course require no change of method to that normally employed in accounting

The question of dealing with remittances to Ceylon and the expenditure in Ceylon will require double columns one for currency and the other for sterling

Remittances would be charged against Ceylon at the rate ruling when sent

The expenditure in Ceylon would be converted at the average for the period under review.

EXERCISE XIV—No 26

CHICAGO TRIAL BALANCE

(CONTINUED)

	Rate	£	s	d	£	s	d
Fixtures and Fittings	4 88	1,070	7	8			
Bills Receivable	5 04	2,347	16				
Sundry Debtors	5 04	3,905	5	4			
Sundry Creditors	5 04				940	14	8
Stock, 1st Jan.	4 87	2,125	9	2			
Purchases	4 96	7,445	13	10			
Sales	4 96				13,608	19	6
Discounts Allowed	4 96	252	3				
Discounts Received	4 96				119	19	
Sundry Expenses	4 96	557	19	8			
Wages and Salaries	4 96	1,376	2	4			
Rent, Rates, Taxes, and Insurance	4 96	292	11	4			
Bad Debts	4 96	51	14	10			
Depreciation	4 96	177	2	8			
Cash in Hand	5 04	180	13	2			
Cash at Bank	5 04	1,809	15				
Head Office Account, 1st Jan	—				12,745	2	10
Remittances to Head Office	—	5,797	7	4			
Difference in Exchange (Loss).	—	24	14	8			
		£27,414	16		£27,414	16	

Stock, 31st Dec. @ 5 04 = £2,085 6/4

HEAD OFFICE JOURNAL

19		£	s	d	£	s	d
Dec 31	Remittances from Branch To Branch Account Balance transferred	5,797	7	4	5,797	7	4
" 31	Branch Trading Account To Branch Account Stock, 1st Jan £2,125 9 2 Purchases 7,445 13 10 Balances transferred	9,571	3		9,571	3	
" 31	Branch Account To Branch Trading Account Sales £13,608 19 6 Stock, 31st Dec 2,085 6 4 Balances transferred	15,694	5	10	15,694	5	10
" 31	Branch Trading Account Branch Account To Branch Profit and Loss A/c Gross profit and discounts received transferred	6,123	2	10	6,243	1	10

EXERCISE XIV—No 26 (contd)

HEAD OFFICE JOURNAL—(contd)

		£	s	d	£	s	d
19 Dec 31	Branch Profit and Loss Account	2 732	8	6			
	To Branch Account				2 732	8	6
	Discounts Allowed	£252	3	-			
	Sundry Expenses	557	19	8			
	Wages and Salaries	1 376	2	4			
	Rent Rates Taxes etc	292	11	4			
	Bad Debts	51	14	10			
	Depreciation	177	2	8			
	Difference in Exchange	24	14	8			
	Balances transferred						
„ 31	Branch Profit and Loss Account	3 510	13	4			
	To Head Office Profit and Loss A/c				3 510	13	4
	NET PROFIT of branch transferred						
		£ 43 548	19	10	£ 43 548	19	10

HEAD OFFICE LEDGER

Dr

REMITTANCES FROM BRANCH

Cr

	£	s	d		£	s	d
19 Dec 31	To Branch Account	5 797	7	4	19 Jan Dec	By Cash	5 797 7 4

Dr

BRANCH ACCOUNT

Cr

19 Jan 1	To Balance	£ 12 745	s 2	d 10	19 Dec 31	By Remittances from Branch	£ 5 797	s 7	d 4
Dec 31	Branch Trading A/c	15 634	5	10	31	Branch Trading A/c	9 571	3	
„ 31	Branch Profit and Loss A/c	119	19		31	Branch Profit and Loss A/c	2 732	8	6
					31	„ Balance c/d	10 458	8	10
		£ 28 559	7	8			£ 28 559	7	8
Dec 31	To Balance b/d	10 458	8	10					

Dr

BRANCH TRADING ACCOUNT

Cr

	£	s	d		£	s	d
19 Dec 31	To Branch Account— Stock	2 175	9	2	19 Dec 31	By Branch Account— Sales	13 608 19 6
	Purchases	7 445	13	10		Stock	2 035 6 4
„ 31	Branch Profit and Loss Account (Gross Profit)	6 123	2	10			
	£ 15 694	5	10			£ 15 694	5 10

EXERCISE XIV—No 26 (contd)

Dr		BRANCH PROFIT AND LOSS ACCOUNT				Cr.			
19		£	s	d	19		£	s	d
Dec 31	To Branch Account—				Dec. 31	By Branch Trading A/c	6,123	2	00
	Discounts Allowed	202	3	—	" 31	" Discounts Received	119	19	—
	Sundry Expenses	537	19	8					
	Wages and Salaries	1,376	2	4					
	Rent, Rates, etc.	292	11	4					
	Bad Debts	51	14	10					
	Depreciation	177	2	8					
	Difference in Ex- change	24	14	8					
" 31	Balance, Net Profit to H.O. P & L A/c	3,510	13	4					
		16,243	1	10			16,243	1	10

BRANCH LEDGER

Dr		REMITTANCES TO HEAD OFFICE				Cr	
19		Dols	Cts	19		Dols	Cts
Jan - Dec	To Cash	29	500-000	Dec 31	By H O A/c	29,500-000	

Dr		HEAD OFFICE ACCOUNT				Cr	
19		Dols	Cts	19		Dols	Cts
Dec 31	To Transfer from Re- mittances	29	500 00	Jan 1	By Balance	64,134	90
	" Balance c/d	52	528 60	Dec 31	" P & L A/c (NET PROFIT)	17,893	70
		82	028 60			82,028	60
				Dec 31	By Balance b/d	52,528	60

TRADING AND PROFIT AND LOSS ACCOUNT

Dr		FOR THE YEAR ENDING 31ST DECEMBER, 19				Cr	
		Dols	Cts			Dols	Cts
To Stock, 1st Jan		10	351 00	By Sales		67,500	50
" Purchases		36	930 64	" Stock, 31st Dec		10	510-00
" Balance c/d		30	728 86			78	010-50
(GROSS PROFIT)		78	010-50			30	728 86
To Discounts Allowed		1	250 68	By Trading Account		594	96
" Sundry Expenses		2	767 60	" Discounts Received			
" Wages and Salaries		6	825 50				
" Rent, Rates, etc		1,451	12				
" Bad Debts		878	58				
" Depreciation		256	64				
" NET PROFIT to H O A/c		17	893-70			31,323	82
		31,323	82				

EXERCISE XIX—No 26 (cont'd)

CHICAGO BRANCH

BALANCE SHEET AS AT 31ST DECEMBER 19

[illegible]

Notes —

NOTES —

(1) A Balance Sheet for working of BRANCH would not appear in Head Office books but would be incorporated in the General Balance Sheet

(2) If Branch would keep its LEDGER etc in currency and consequently this exercise is worked accordingly

Exercise 28 is similarly treated

EXERCISE XIV—No 27.

The same as EXAMPLE 2 of *Advanced Accounts* page 479 except that double the figures are employed

EXERCISE XIV—No 28

SHANGHAI TRIAL BALANCE (CONVERTED)

	Rate	£	s	d	£	s	d
Head Office Account	—				15,270	2	6
Remittances to Head Office	—	2 850	—	—			
Stock, 1st Jan	2/10	1,856	13	8			
Freehold Land and Buildings	3/4	3 000	—	—			
Purchases	3/2	6 814	13	4			
Sales	3/2				10,766	19	8
Sundry Debtors	3/6	4 686	10	—			
Sundry Creditors	3/6				2,581	19	—
Fixtures and Fittings	3/-	949	19	—			
Carriage and Freight (Inwards)	3/2	416	11	6			
Salaries	3/2	460	8	8			
Rates and Taxes	3/2	105	18	6			
Sundry Expenses	3/2	57	15	10			
Cash	3/6	24	6	6			
Bank	3/6	2 387	14	—			
Plant and Machinery	3/6	3,150	—	—			
Wages	3/2	1,318	12	—			
Depreciation	3/2	399	19	—			
Difference in Exchange (Loss)	—	139	19	2			
Stock, 31st Dec @ 3s 6d = £2 027/18/		£ 28 619	1	2	28 619	1	2

EXERCISE XIV—No 28 (contd)

HEAD OFFICE JOURNAL

19		£	s	d	£	s	d
Dec 31	Remittances from Branch To Branch Account Balance transferred	2 850	-		2 850	-	-
" 31	Branch Trading Account To Branch Account Stock 1st Jan £1 856/13/8 Purchases 6 814/13/4 Carriage etc 416/11/6 Wages 1 318/12/- Balances transferred	10 406	10	6	10 406	10	6
" 31	Branch Account To Branch Trading Account Sales £10 766/19/8 Stock 31st Dec 2 027/18/- Balances transferred	12 794	17	8	12 794	17	8
" 31	Branch Trading Account To Branch Profit and Loss A/c Balance transferred	2 388	7	2	2 388	7	2
" 31	Branch Profit and Loss Account To Branch Account Salaries £460/8/8 Rates and Taxes 105/18/6 Sundry Expenses 57/15/10 Depreciation 399/19/- Difference in Exchange 139/19/2 Balances transferred	1 164	1	2	1 164	1	2
" 31	Branch Profit and Loss Account To Head Office Profit and Loss A/c NET PROFIT of branch transferred	1 224	6		1 224	6	-
		£ 30 828	2	6	30 828	2	6

HEAD OFFICE LEDGER

Dr

REMITTANCES FROM BRANCH

Cr

19		£	s	d	19		£	s	d
Dec. 31	To Branch Account	2 850	-		Jan Dec.	By Cash	2 850	-	-

EXERCISE XIV—No 28 (contd)

Dr.		BRANCH ACCOUNT				Cr	
19		£	s	d	19		£ s d
Jan 1	To Balance	15 270	2	6	Dec 31	By Remittances from Branch	2 830 - -
Dec 31	" Branch Trading A/c	12 794	17	8	" 31	" Branch Trading A/c	10 406 10 6
					" 31	" Branch Profit & Loss	1 164 1 2
					" 31	" Balance c/d	13 644 6 6
		£ 28 065	-	2			£ 28 065 - 2
Dec. 31	To Balance b/d	13 644	8	6			

Dr		BRANCH TRADING ACCOUNT			Cr	
19		£	s	d	19	
Dec 31	To Branch Account—				Dec 31	By Branch Account—
	Stock, 1st Jan	1,836	13	8		Sales
	Purchases	6,814	13	4		10,766
	Carrriage, etc.	416	11	6		2,027
	Wages	1,318	12	—		Stock, 31st Dec
" 31	" Branch P & L A/c	2,388	7	2		
		£ 12,794	17	8		£ 12,794

Dr		BRANCH PROFIT AND LOSS ACCOUNT			Cr	
19		£	s	d	19	£ s d
Dec 31	To Branch Account—				Dec 31	By Branch Trading A/c
	Salaries	460	8	8		2 388
	Rates and Taxes	105	18	6		
	Sundry Expenses	57	15	10		
	Depreciation	399	19			
	Difference in Ex change	139	19	2		
" 31	Net Profit to H O Profit & Loss A/c	1 224	6			
		£ 2 388	7	2		£ 2 388 7 2

Dr		BRANCH LEDGER			Cr	
		REMITTANCES TO HEAD OFFICE				
		Taels				Taels
19.			19			
Jan.-Dec.	To Cash . . .	19,000	Dec 31	By Head Office A/c		19 000

EXERCISE XIV—No 28 (contd)

Dr		HEAD OFFICE ACCOUNT		Cr	
19		Taels	19		Taels
Dec 31	To Remittances to Head Office	19 000	Jan 1	By Balance	92 713
31	Balance c/d	79 730	Dec 31	Profit & Loss A/c (NET PROFIT)	6 017
		98 730			98 730
			Dec 31	By Balance b/d	79 730

TRADING AND PROFIT AND LOSS ACCOUNT

Dr		FOR THE YEAR ENDED 31ST DECEMBER 19		Cr	
		Taels			Taels
To Stock 1st Jan	13 106	By Sales	68 007		
Purchases	43 040	Stock 31st Dec	11 588		
Carriage etc	2 031				
Wages	8 328				
Balance c/d (GROSS PROFIT)	12 485				
	79 590				79 590
To Salaries	2 908	By Trading Account	12 485		
Rates and Taxes	669				
Sundry Expenses	365				
Depreciation	2 576				
NET PROFIT to H O A/c	6 017				
	12 485				12 485

BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES		ASSETS	
	Tael		Taels
Sundry Creditors	14 754	Cash in hand	139
Head Office Account	79 730	Cash at Bank	13 644
		Sundry Debtors	26 780
		Stock at close	11 588
		Fixt res and Fittings	6 333
		Plant and Machinery	18 000
		Freehold Land and Buildings	18 000
	94 484		94 484

EXERCISE XIV—No 29

FOREIGN BOOKS
JOURNAL

		Dols	Cts	Dols	Cts
19 . Jan 31	Stores Account To London Office Account For sales purchased from London £1 000 @ 9d = \$13 334 @ 18d std	26,667	-	26 667	-
" 31	Stores Account To Sundry Creditors For stores purchased locally \$3,000 @ 9d = \$1,500 @ 18d std	3,000	-	3,000	-
" 31	Stores Consumed Account To Stores Account For stores used on revenue \$6 000 @ 18d std = \$12,000 @ 9d	12 000	-	12 000	-
" 31	Capital Expenditure Account To Stores Account For stores used on capital \$4,000 @ 18d std = \$8 000 @ 9d	8 000	-	8 000	-
" 31	Sundry Debtors To Work Done Account For gross revenue earned	40,000	-	40,000	-
" 31	Trade Expenses Account To Sundry Creditors For expenses accrued	6,000	-	6 000	-
		\$95 667	-	\$95 667	-

PAPER BOOKS
JOURNAL

		Dols	Cts	Dols	Cts
19.. Dec 31	Bank Sundry Debtors To Sundry Creditors " Conversions Account (For balances at this date)	10,000 40 000	- -	15 000 35 000	- -
19. Jan 31	Conversions Account To Sundry Creditors For stores purchased locally	50,000 3,000	- -	50,000 3,000	- -
" 31	Stores Consumed Account To Conversions Account For stores used on revenue \$6,000 @ 18d std = \$12,000 @ 9d	12 000	-	12 000	-

EXERCISE XIV—No 29 (contd)

PAPER BOOKS—(contd)

JOURNAL—(contd)

		Dols	Cts	Dols	Cts
19 Jan 31	Sundry Debtors To Work Done For gross revenue earned	40 000		40 000	
31	Trade Expenses Account To Sundry Creditors (For expenses accrued)	6 000		6 000	-
		\$111 000		\$111 000	

GOLD BOOKS

JOURNAL

		Dols	Cts	Dols	Cts
19 Dec 31	Stores Account Conversions Account To London Office (say)	31 666 18 475			
	(For balances at this date)	50 141		50 141	-
19 Jan 31	Stores Account To London Office Account For stores purchased from London £1 000 \$13 334 @ 18d std	13 334		13 334	-
31	Stores Account To Conversions Account For stores purchased from creditors \$3 000 @ 9d = \$1 500 @ 18d std	1 500		1 500	-
31	Conversions Account To Stores Account For stores used on revenue	6 000		6 000	
31	Capital Expenditure Account To Stores Account For stores used on Capital A/c	4 000		4 000	-
31	Capital Expenditure To Conversions Account For wages paid on capital 13 000 @ 9d \$1 500 @ 18d std	1 500		1 500	-
31	London Office Account To Conversions Account (For \$12 000 remitted @ 10½d - \$7 000 @ 18d std)	7 000		7 000	
		\$83 475		\$83 475	

FOREIGN BOOKS—(contd.)

STORES ACCOUNT

Dr		Rate	Std \$	\$	19 Jan 31	By Stores Consumed Capital Expenditure Balance c/d London Office (adjustment)	Rate	Std \$	\$	Cr
19 Dec 31	To Balance	9½	31 666	60 000	Jan 31		9	6 000	12 000	
19 Jan 31	To London Office	9	13 334	26 667	31		9	4 000	8 000	
" 31	Sundry Creditors	9	1 500	3 000	31		10	33 500	65 700	
			46 500	89 667				46 500	3 967	

CAPITAL EXPENDITURE ACCOUNT

Dr		Rate	£	s	d	\$	19 Jan 31	By Transfer to London Office	Rate	£	s	d	\$	Cr
19 Jan 31	To Stores Account	9	300			8 000	Jan 31			412	10		11 000	
" 31	" Wages	9	112	10		3 000				412	10		11 000	
			£412	10		11 000				£412	10			

LONDON OFFICE ACCOUNT

Dr		Rate	£	s	d	\$	19 Dec 31	By Balance	Rate	£	s	d	\$	Cr
19 Jan 31	To Cash (Remittances)	10½	525			12 000	Dec 31		9½	3 760	8	4	95 000	
" 31	Cap Expenditure	9	412	10		11 000	19 Jan 31		9	1 000			26 667	
" 31	Stores (Adjustm t)					3 967	31		9	525			14 000	
" 31	" Balance c/d	10	4 529	3	4	108 700				181	5			
			£5 466	13	4	135 667				£5 466	13	4	135 667	

EXERCISE XIV—No 29 (contd)

PAPER BOOKS

Dr.

CONVERSIONS ACCOUNT

Cr

		Dols	Cts.			Dols	Cts.
19				19			
Jan. 31	To Sundry Creditors	3,000	-	Dec 31	By Balance	30,000	-
" 31	" Capital Expenditure	3,000	-	" 19			
" 31	" London Office (Remittances)	12,000	-	Jan. 31	" Stores Consumed	12,000	-
" 31	" Balance	43,000	-	" 31	" Revenue Account (Net Profit transferred to L.O.)	14,000	-
		61,000	-			61,000	-

GOLD BOOKS

Dr.

STORES ACCOUNT

Cr.

		Dols	Cts.			Dols	Cts.
19				19			
Dec. 31	To Balance	31,666	-	Jan 31	By Conversions Account	6,000	-
" 19				" 31	" Capital Expenditure	4,930	-
Jan 31	" London Office	13,334	-	" 31	" Balance c/d	36,500	-
" 31	" Conversions Account	1,500	-			46,500	-
		46,500	-				

Dr.

CAPITAL EXPENDITURE ACCOUNT

Cr.

		Dols	Cts.			Dols	Cts.
19				19			
Jan 31	To Stores	4,000	-	Jan 31	By Transfer to London Office	5,500	-
" 31	" Conversions Account (Wages)	1,500	-			5,500	-
		5,500	-				

Dr.

LONDON OFFICE ACCOUNT

Cr.

		Dols	Cts.			Dols	Cts.
19				19			
Jan 31	To Conversions (Remittances)	7,000	-	Dec 31	By Balance	90,141	-
" 31	" Capital Expenditure	5,890	-	" 19			
" 31	" Balance	60,388	-	Jan 31	By Stores	13,334	-
		72,888	-	" 31	" Conversions (Net Profit)	7,000	-
				" 31	" Profit on Exchange	2,413	-
						72,888	-

EXERCISE XIV—No 29 (cont'd)

GOLD BOOKS—(cont'd)

<i>Dr</i> CONVERSIONS ACCOUNT				<i>Cr</i>			
		Dols	Cts			Dols	Cts.
19				19			
Dec. 31	To Balance	18 475		Jan 31	By Stores Account	1 500	
19				31	Cap ital Expenditure	1 500	
Jan 31	" Stores	6 000		31	" London Offices	7 000	
" 31	" London Office	7 000			(Remittances)		
" 31	" Profit on Exchange	2 413		- 31	Balance as per Paper		
					Books	23 888	
					(\$43 000 @ 10d 1)		
		33 888				33 888	

Note—The Balance is arrived at as follows — $\frac{43\ 000 \times 10}{18}$

FINAL BALANCES

PAPER BOOKS

GOLD BOOKS

		Dollars				Dollars	
		<i>Dr</i>	<i>Cr</i>			<i>Dr</i>	<i>Cr</i>
Bank		11 000		Stores Account		36 500	
Debtors		40 000		Conversions Account		23 888	
Creditors			8 000	London Office			60 388
Conversions Account			43 000				
		51 000	51 000			60 388	60 388

EXERCISE XIV—No 30.

JOURNAL OF X, LTD

		£	s	d	£	s	d
(a)	Office Safe Account <i>Dr</i> To Birmingham Branch Account Office Safe purchased for Cash by Birmingham Branch	80	-	-	80	-	-
(b)	Manchester Branch Account <i>Dr</i> To Goods sent to Branches Account Goods supplied (at cost)	47	15	-	47	15	-
(c)	Liverpool Branch Debtors Account <i>Dr</i> To Manchester Branch Debtors Ac count Transfer of Account of A Debtor from Manchester to Liverpool Branch.	29	10	-	29	10	-
(d)	Manchester Branch P and L Ac count <i>Dr</i> To H O Profit and Loss Account Transfer of net profit of Manchester Branch.	1,599	6	8	1 599	6	8
	H O Profit and Loss Account <i>Dr</i> To Liverpool Branch P and L Account Transfer of net loss of Liverpool Branch.	107	3	9	107	3	9

EXERCISE XIV—No 30 (contd)

MANCHESTER BRANCH JOURNAL

		£	s	d	£	s	d
(c)	Liverpool Branch Account <i>Dr</i> To Sundry Debtors Account Transfer of A Debtor's Account to Liverpool Branch Account	29	10	-	29	10	-
(d)	Profit and Loss Account <i>Dr</i> To Head Office Account Transfer of net profit to H O	1 599	6	8	1 599	6	8

LIVERPOOL BRANCH JOURNAL

		£	s	d	£	s	d
(c)	Sundry Debtors Account <i>Dr</i> To Manchester Branch Account Transfer of A Debtor's Account from Manchester Branch	29	10	-	29	10	-
(d)	Head Office Account <i>Dr</i> To Profit and Loss Account Transfer of net loss to H O	107	3	9	107	3	9

EXERCISE XV (A)—No 1

THE EASTWOOD
APPLICATION AND

No of Application	NAME	ADDRESS	Occupation	No of Shares Applied for.	Amount Paid on Application
	Willington, Ernest	33 Rayleigh Street, E.C.		1 000	£ 250 - -

REGISTER OF TRANSFERS

No of Transfer.	Date Transfer Registered	TRANSFEROR'S					S L Fo	NAME
		S L Fo	NAME	ADDRESS	Occupation			
1	19 Mar 6	6	Gee, R.	14 High Street, Burnham	Surveyor	1	Willington, E.	
2	Apr 3	1	Willington E	33 Rayleigh Street, E.C.	—		Robinson Peter	

(1) REGISTER OF MEMBERS AND

Name	Willington, Ernest	Occupation	—
Address	33 Rayleigh Street, London, E C		—

Dr CASH ACCOUNT Cr

Date	Particulars	Fo	Amount Called Up per Share	Total Amount Called up	Date	Particulars	Fo	Total Amount Paid up.
19 Jan 20	To Application and Allotment		£ s d 10	£ s d 250 - -	19 Jan 11	By Cash		£ s d 250 - -
Feb 20	To Call Account		10 - -	£250 - -	Feb 20	By Cash		£250 - -

TIMBER CO., LTD

ALLOTMENTS BOOK (ORDINARY SHARES)

No of Shares Allotted	Distinctive Numbers		S L Fo	Amount Due on Application and Allotment	Balance Due on Allotment	Cash Paid on Allotment	Cash Returned	No of Share Certificate	Remarks
	From	To							
500	18 500	18 999		£ 250 - -					Letter of Regret No -

FERS (ORDINARY SHARES)

TRANSFEREE'S		SHARES TRANSFERRED				No of New Certificates	Remarks
ADDRESS	Occupation	No of Shares	Distinctive Numbers		Amount Paid up		
			From.	To			
31 Rayleigh Street E C 14 Dowgate Southminster	-	500 100	1 1	500 100	£ 500 100	s - -	

SHARE LEDGER (ORDINARY SHARES)

(1)

Date entered as a Member

January 20th 19

Date ceased to be a Member

SHARES ACCOUNT

SHARES ACQUIRED					SHARES TRANSFERRED					BALANCE			
Date	Fo	No of Shares	Distinctive Numbers		Amount Paid up	Date	Fo	No of Shares	Distinctive Numbers		Amount Paid up	No of Shares	Amount Paid up
			From	To					From	To			
19 Jan 20		500	18 500	18 999	£ 500						£ 500	500	£ 500
5 Mar 6		500	1	500	-						-	500	-
						19 Apr 3		100	1	100	100	900	900

EXERCISE XV (A)—No. 2.

A LIM

REGISTER OF MEMBERS AND

Name *Smith, John* Occupation .. *Cork Merchant* ..
 Address *440 Austin Friars, E.C.*

CASH ACCOUNT

Cr.

Dr.									
Date	Particulars.	Fo.	Amount Called up per Share	Total Amount Called up.	Date.	Particulars.	Fo.	Total Amount Paid up	
			£ s d.	£ s d.				£ s d.	
19 Jan. 12	To Application and Allotment		5 -	37 10 -	19 Jan. 12	By Cash		19 12 -	
				37 10 -	" 12	" Cash		19 12 -	
								37 10 -	
Mar 10	To First Call		5 -	£37 10 -	Mar 10	By Cash		£37 10 -	

Name *Brown, William* Occupation *Hatter*
 Address *486 Bond Street, W*

EXERCISE XV (A)—No. 3

An example of an Annual Return is on page 584 of *Advanced Accounts*. See, also
 be submitted with the Annual Return.

EXERCISE XV (A)—No. 4.

THE X Y Z MANU
APPLICATION AND

No. of Application	NAME.	ADDRESS.	Occupation	No. of Shares Applied for	Amount Paid on Applica'n.
					£ s d.
1	Roberts, Arthur	10 Finsbury Street Birtton	Wool Merchant	4 000	1 000
2	Richards, Henry P	The Grange, Lynford, Hants	Gentleman	3 000	750
3	Norton, Lucas	114 Princes Street Sheffield	Iron Manufacturer	5 000	1,250
4	Albertson, Ellen	Park Grove, Finchley	Spinster	200	50
5	Princeton, Norman	129 Lombard Street E.C.	Stockbroker	5 000	1,250
6	Lloyd, George L.	178 High Road, Nottingham	Lace Manufacturer	500	125
				17,700	£4 425

ITED CO

SHARE LEDGER (SHARES)

Date entered as a Member

January 12th, 19

Date ceased to be a Member

SHARES ACCOUNT

SHARES ACQUIRED					SHARES TRANSFERRED					BALANCE				
Date	Fo	No of Shares	Distinctive Numbers		Amount Paid up	Date	Fo	No of Shares	Distinctive Numbers		Amount Paid up	No of Shares	Amount Paid up	
			From	To					From	To			Amount Paid up	
19 Jan 12		150	1	150	£ s d						£ s d	150	£ 37 10	-
						19 April 3		100	1	100	50 - -	50	25	-

Date entered as a Member

April 3rd 19

Date ceased to be a Member

19 April 3		100	1	100	£ s d							100	£ 50	-
------------	--	-----	---	-----	-------	--	--	--	--	--	--	-----	------	---

the form of Balance Sheet on page 588 of *Advanced Accounts* which form would

FACTURING CO LTD

ALLOTMENTS BOOK (SHARES)

No of Shares Allotted	Distinctive Numbers		S L Fo	Amount Due on Appl cation and Allotment	Balance Due on Allotment	Cash Paid on Allotment	Cash Returned	No of Share Certificate	Remarks
	From	To							
3 000	1	3 000		£ 1 875	£ 875	£ 875	£ -		Letter of Regret No 1
2 000	3 001	5 000		1 250	500	500	-		
4 000	5 001	9 000		2 500	1 250	1 250	-		
N 1									
4 000	9 001	13 000		2 500	1 250	1 250	50		
500	13 001	13 500		312 10	87 10	87 10	-		
13 500				£ 8 437 10	£ 3 962 10	£ 3 962 10	£ 50		

EXERCISE XV (A)—No. 5

THE PNEUMATIC

(1)

REGISTER OF MEMBERS AND

Name *Essley, Robert* Occupation *Merchant* ..
 Address *115 Walkley Road Thornheath*

Dr.

CASH ACCOUNT

Cr

Date	Particulars	Fo	Amount Called up per Share.	Total Amount Called up	Date.	Particulars	Fo	Total Amount Paid up
19 Mar	To Application and Allotment		£ s d 7 6	£ s d 187 10	19 Feb 23	By Cash		£ s d 12 10
					Mar 10	" Cash		175
				£187 10				£187 10
May 1	To First Call		5	£125	May 15	By Cash		£125
Aug 31	" Second Call		2 6	£75	Sept 15	" Cash		£75
Oct 15	" Final Call		5	£130	Oct. 25	" Cash		£130

(2) Name *King, Thomas* Occupation *Surveyor*
 Address *14 The Lanes, Farnham*

19 Mar	To Application and Allotment		£ s d 7 6	£ s d 187 10	19 Feb 23	By Cash		£ s d 62 10
					Mar. 10	" Cash		125
				£187 10				£187 10
May 1	To First Call		5	£125	May 15	By Cash		£125
Aug 31	" Second Call		2 6	£90	Sept 15	" Cash		£90
Oct 15	" Final Call		5	£100	Oct. 25	" Cash		£100

(3) Name *Tinton, John* Occupation *Merchant*
 Address *115 Lane Street, Halifax*

19 Oct 15	To Final Call		£ s d 5	£ s d 20	19 Oct 25	By Cash		£ s d 20
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(4) Name *Brown Philip* Occupation *Engineer*
 Address *9 Lupus Street, Benfield*

--	--	--	--	--	--	--	--	--

EXERCISE XV (A)—No. 6.

THE PNEUMATIC
REGISTER OF TRANS

No of Transfer	Date Transfer Registered	TRANSFEROR'S				S L Fo	NAME
		S L Fo	NAME	ADDRESS	Occupation		
1	19 July 1	2	King, Thos.	14 The Lanes, Farnham	Surveyor	1	Esley, Robert
2	Oct. 12	1	Esley, Robert	115 Walkley Road, Thorn heath	Merchant	3	Tintou, John
3	Dec. 2	1	Esley, Robert	115 Walkley Road, Thorn heath	Do.	4	Brown, Philip

EXERCISE XV (A)—No. 7.

CALL BOOK
First Call of 5s per share made

S L Fo	NAME	ADDRESS	No of Shares Held	Amount Due		
	Lake R T	16 Bradford Road Leeds	2,000	£	s	d
	Brown, A F	19 Rufus Street, Bradford	1	500	—	—
	Cassell F	176 Park Road Finsbury, N W.	1		5	—
	Neller, T O	127 Brownley Road Hampstead	1		5	—
	Locksley, N P	125 Coldharpe Avenue, Brixton, S W	1		5	—
	Chalmers, E	17 Buller Street Nottingham	1		5	—
	Bullen, F T	12 Luke Street, Bexley	2,495	623	15	—
	Silverlock, J P	Clere Park, Winthorpe	5 500	1,375	—	—
			10 000	£2 500	—	—

TYRE CO LTD

FERS (ORDINARY SHARES)

TRANSFEREE'S		SHARES TRANSFERRED					No of New Certificates	Remarks.
ADDRESS	Occupation	No of Shares	Distinct ve Numbers		Amount Paid up			
			From.	To				
115 Walkley Road Thorn heath	Merchant	100	401	500	£ 62 10 -	101		
115 Lime Street Hal fax	Do	80	801	880	60 - -	102		
9 Lupus Street Benfield	Engineer	{ 100 80 340	{ 401 721 881	{ 500 800 1 220	{ 100 80 340	{ - - - }	103	

(ORDINARY SHARES)

May 5th and payable by May 20th

Amount Paid			ARREARS			Calls, Paid in Advance			Remarks
			Amount	Days	Interest				
£ 300	s -	d -	£ 200	-	-	31	£ 17	-	Paid June 20th
	5 -	-							
	5 -	-							
	5 -	-							
	5 -	-							
323 15	-	-	300	-	-	31	1 5	6	Paid June 20th
1 375									
£2 000	-	-	£500	-	-		£2 2	6	

EXERCISE XV (A)—No. 8

DEBENTURE APPLICATION

No. of Application.	Date of Application.	NAME.	ADDRESS.	Occupation.	No. of Debts. Applied for	Amount Paid on Application.
1	19 Mar.	Adams, R. E.	61 Carnaby Street, Birmingham	Baker	30	£ 1,200
2	" 2	Brady, A.	17 Seaford Road, Liverpool	Surveyor	10	400
3	" 3	Cooper, W. S.	21 Regent Street, Leeds	Butcher	6	240
4	" 4	Dawson, C. T.	44 Windsor Road, Manchester	Architect	10	400
5	" 5	Ellis, H.	21 Crofton Street, Warwick	Solicitor	6	240
6	" 5	Forster, P. O.	12 Penton Road, Nottingham	Artist	6	240
7	" 6	Goodwin, E.	70 Percy Street, Reading	Journalist	10	400
8	" 7	Howard, C. E.	25 Burnaby Gardens, Winchester	Spurster	25	1,000
9	" 7	Irving, W.	112 Brockley Road, Southampton	Engineer	10	400
10	" 8	Jeffries, T. D.	29 Granville Street, London, W.	Merchant	5	200
11	" 8	Lockwood, M.	108 Westbourne Grove, Windsor	Barrister	5	200
12	" 8	Taylor, L. F.	78 Stewart Road, London, W.	Gentleman	20	800
					143	(5,720)

DEBENTURE HOL

Date.	Receipts.	Fo.	Amount	Date	Payments.	Fo.	Amount.
19 Mar	To Application A/c		£	19 Mar	By Application A/c		£
2	Adams, R. E.		1,200	10	Cooper, W. S.		240
3	Brady, A.		400	" 10	Jeffries, T. D.		200
4	Cooper, W. S.		240	"	Transfer to General Cash Book		5,280
5	Dawson, C. T.		400				
6	Ellis, H.		240				
7	Forster, P. O.		240				
8	Goodwin, E.		400				
9	Howard, C. E.		1,000				
10	Irving, W.		400				
11	Jeffries, T. D.		200				
12	Lockwood, M.		200				
	Taylor, L. F.		800				
			(5,720)				(5,720)

EXERCISE XV (A)—No. 9.

REGISTER OF TRANSFERS

No. of Transfer.	Date Transfer Registered	TRANSFEROR'S			Deb. Fo.	NAME.
		Deb. Fo.	NAME.	ADDRESS.		
101	19 May		Adams, R. E.	61 Carnaby Street, Birmingham	Baker	Dawson, C. T.
102	June 10		Howard, C. E.	25 Burnaby Gdns., Winchester	Spurster	Ellis, H.
103	" 18		Taylor, L. F.	78 Stewart Road, London, W.	Gentleman	Forster, P. O.
104	" 25		Howard, C. E.	25 Burnaby Gdns., Winchester	Spurster	Ellis, H.
105	July 9		Adams, R. E.	61 Carnaby St., Birmingham	Baker	Burnaby, James
106	Aug. 22		Taylor, L. F.	78 Stewart Road, London, W.	Gentleman	Armstrong Roper

AND ALLOTMENTS BOOK

No of Debs Allotted	Distinctive Numbers		Fo	Amount Due on Application and Allotment			Balance Due on Allotment			Cash Paid on Allotment			Cash Returned			Remarks
	From	To		£	s	d	£	s	d	£	s	d	£	s	d	
20	1	20		2 000			800			800						Letter of Regret No 5
10	21	30		1 000	-		600	-		600	-					
mi													240	-		
5	31	35		500	-		100	-		100	-					
5	36	40		500	-		260	-		260	-					
5	41	45		500	-		260	-		260	-					Letter of Regret No 6
10	46	55		1 000	-		600	-		600	-					
20	56	75		2 000	-		1 000	-		1 000	-					
5	76	80		500	-		100	-		100	-					
mi													200	-		
5	81	85		500	-		300	-		300	-					
15	86	100		1 500	-		700	-		700	-					
100				£10 000	-		£4 720	-		£4 720	-		£440	-		

DERS' CASH BOOK

Date	Receipts	Fo	Amount			Date	Payments	Fo	Amount		
			£	s	d				£	s	d
19 Mar 10 to Mar 20	To Allotment A/c— Brady A Adams R E Dawson C T Ellis H Forster P O Goodwin E Howard C E Irving W Lockwood M Taylor L F		600 800 600 260 260 100 1 000 100 300 700	-		19 Mar 20	By Transfer to General Cash Book		4 720	-	
			£4 720						£4 720	-	

FLRS (DEBENTURES)

TRANSFERREES		DEBENTURES TRANSFERRED					Remarks
ADDRESS	Occupation	No of Debs	Distinctive Numbers		Amount Paid up		
			From	To			
14 Windsor Road Manchester	Architect	5	1	5	£ 500	s	d
21 Crofton Street Warwick	Solicitor	5	56	60	500	-	-
12 Penton Road Northampton	Artist	5	86	90	500	-	-
21 Crofton Road Warwick	Solicitor	5	61	65	500	-	-
112 Leman St Northampton	Merchant	5	6	10	500	-	-
95 Bromley Road Newcastle	Engineer	5	91	95	500	-	-

EXERCISE XV (A)—No 11

My friend on my advice, would invest his £1 000 in 6 per cent Cumulative Preference Shares for the following reasons—

(a) Cumulative Preference Shares have a prior claim for a dividend on profits

(b) Arrears on dividends must (if profits warrant it) be paid

(c) Such shares often carry a claim upon ASSETS (after other creditors have been met) before other classes of shareholders are considered

EXERCISE XV (A)—No 12

A's BOOKS

Dr		GOODS ACCOUNT				Cr		
				19 Jan 2	By B	£	s	d
						600	-	-

Dr		B's ACCOUNT				Cr			
19 Jan 2	To Goods	£	s	d	19 Feb 2	By Bills Receivable	£	s	d
May 28	Bank	600	-	-		(4 mos)	600	-	-
June 2	Interest	5	-	-	May 28	Bank	200	-	-
					June 2	Bills Receivable	400	-	-
						(3 mos)			
		£1 205	-	-			£1 205	-	-

Dr			BILLS RECEIVABLE						Cr		
19 Feb 2	To B		£	s	d	19 Mar 5	By Bank	£	s	d	
June 2	E		600	-	-			600	-	-	
			400	-	-						

Dr		BANK ACCOUNT						Cr	
19 Mar 5	To Bills Receivable	£	s	d	19 Mar 5	By Bank Discount	£	s	d
May 28	B	600	-	-	May 28	B	9	-	-
		200	-	-			600	-	-

Dr		BANKER'S DISCOUNT ACCOUNT				Cr	
19 Mar 5	To Sundries	£	9	s	d		

EXERCISE XV (A)—No. 12 (contd.)

Dr.		INTEREST ACCOUNT				Cr	
				19	June 2	By B	£ s d.
							£ 5 - -

EXERCISE XV (A)—No. 13.

Dr		ORDINARY BUSINESS ACCOUNT				Cr	
19	To G 40% of £2 000 " H 30% of £2 000 " J 30% of £2,000	£ 800 600 600 £2 000	s - - -	d - - -	19	By Profit and Loss A/c	£ 2 000 - - £2 000

Dr		VENTURE No 1				Cr	
19	To G $\frac{1}{2}$ of £800 " J $\frac{1}{4}$ of £800 " H 40% of £1 000	£ 342 257 400 £1,000	s 17 2 -	d 2 10 -	19	By Profit and Loss A/c Net Profit	£ 1,000 - - £1,000

Dr		VENTURE No 2				Cr	
19	To Profit and Loss A/c " Net Loss	£ 500 £500	s - -	d - -	19	By H 45% of £500 " G, $\frac{1}{4}$ of £275 " J, $\frac{1}{4}$ of £275	£ 225 157 117 £500

Dr		G'S CAPITAL ACCOUNT				Cr	
19	To Venture No 2 " Balance c/d	£ 157 983 £1 142	s 2 14	d 10 4 2	19	By Ordinary Bus. A/c " Venture No 1	£ 800 342 £1,142

EXERCISE XV (A)—No 13 (contd)

Dr		H S CAPITAL ACCOUNT				Cr			
19	To Venture No 2 Balance c/d	£ 225 775	s — —	d — —	19	By Ordinary Bus A/c Venture No 1	£ 600 400	s — —	d — —
		<u>£1 000</u>					<u>£1 000</u>		

Dr		J S CAPITAL ACCOUNT				Cr			
19	To Venture No 2 Balance c/d	£ 117 739	s 17 0	d 2 8	19	By Ordinary Bus A/c Venture No 1	£ 600 257	s — 2	d — 10
		£857	2	10			£857	2	10

EXERCISE XV (A)—No 14

GENERAL LEDGER

Dr		SALES LEDGER ADJUSTMENT ACCOUNT						Cr	
1932 April 1 1932 to April 1 1933 Mar 31	To Balance To Credit Sales Interest charged To Bills Receivable (dishonoured) Petty Cash Balance c/d	£ 20 196 132 823 71 150 47 50	s 2 — 5 — 8 9	d 5 11 — 6 6 6	1932 April 1 to 1933 Mar 31	By Cash Discount Bills Receivable Returns Inward Bad Debts Sundry Creditors Balance c/d	£ 90 987 2 080 22 800 4 875 2,209 78 30 305	s 19 10 — 16 11 8	d 4 9 — 6 2 11
		£153 338	6	4			£153 338	6	4
1933 April 1	To Balance b/d	£30 305	17	8	1933 April 1	By Balance b/d	50	9	6

Dr		BOUGHT LEDGER ADJUSTMENT ACCOUNT					Cr		
1932 April 1 to 1933 Mar 31	To Cash Discount " Petty Cash Returns Outwards Bills Payable Sundry Debtors Balance c/d	£ 71 556 1 228 39 5,203 23 850 78 11 571	s 17 1 6 17 8 9 19	d 10 3 7 7 11 1	1932 April 1 1932 April 1 to 1933 Mar 31	By Balance Purchases	£ 12,375 101 150	s 18 7	d 6 9
		£113 556	6	3	1933 April 1	Bv Balance	b/d	11 571	19 1

EXERCISE XV (A)—No. 15

See Section 24 of Partnership Act set out on pages 377 and 378 of *Advanced Accounts*

In applying the above to the case under review, the £3,000 must first be reduced by 5 per cent of £2,000 (for 6 months), being Interest due to A's Loan. The remaining profit must then be divided equally between A and B, i.e. A and B will each receive £1,475

The agreement between A and B that B should be paid a salary of £500 would mean that the salary would be a further reduction of Net profit by that amount, hence A and B in the new circumstances would each receive £1,225

EXERCISE XV (A)—No. 16

JOURNAL OF A, B AND C

1936			£	s	d	£	s	d
Jan 1	Land and Buildings	Dr	1,200	-	-			
	Capital Accounts—							
	A ($\frac{2}{3}$ of £590)		354	-	-			
	B ($\frac{1}{3}$ of £590)		236	-	-			
	To Bad Debts Reserve					390	-	-
	(5 per cent of £7,800)							
	„ Plant and Machinery					320	-	-
	„ Stock					780	-	-
	„ Patents					300	-	-
			£1,790	-	-	£1,790	-	-
Jan 1	Goodwill Account	Dr	8,000	-	-			
	To A's Capital $\frac{3}{4}$ of £8,000					2,880	-	-
	„ B's „ $\frac{1}{4}$ of £8,000					1,920	-	-
	„ C's „ $\frac{1}{2}$ of £8,000					3,200	-	-
			£9,790	-	-	£9,790	-	-
Jan 1	Bank Account	Dr	8,200	-	-			
	To C's Capital					5,000	-	-
	„ A's „ ($\frac{2}{3}$ of £3,200)					2,400	-	-
	„ B's „ ($\frac{1}{3}$ of £3,200)					800	-	-
Jan 1	A's Capital ($\frac{2}{3}$ of £3,200)		2,400	-	-			
	B's „ ($\frac{1}{3}$ of £3,200)		800	-	-			
	To Bank					3,200	-	-
			£21,190	-	-	£21,190	-	-

KEY TO ADVANCED ACCOUNTS

EXERCISE XV (A)—No 16 (contd)

(Alternative Solution)

JOURNAL

	£	s	d	£	s	d
Jan 1 Land and Buildings	1 200	-	-			
To Re valuation Account				1 200	-	-
Agreed increase in book value of land and buildings						
Re valuation Account	1 790	-	-			
To Plant and Machinery				320		
Stock				780		
Patents				300		
Reserve for Bad Debts				390	-	-
Agreed reduction in book values of assets and reserve for bad debts						
A Capital Account	354					
B Capital Account	236	-	-			
To Re valuation Account				590		
Division of loss on re valuation						
Goodwill	8 000	-	-			
To A Capital Account				2 880		
B Capital Account				1 920		
C Capital Account				3 200		
Introduction into books of value of Goodwill divided in ratio to division of profits as agreed						
Bank	8 200					
To C Capital Account				5 000		
A Capital Account				2 400		
B Capital Account				800		
Cash brought in credited to respective partners as agreed i.e. £5000 to C and remainder to A and B in ratios of 3 : 1						
	£19 780	-	-	£19 780	-	-

The differences between a Receipts and Payments Account and an Income and Expenditure Account are set out on page 327 of the text book

THE SOCIETY FOR THE ENCOURAGEMENT OF GOOD BOOK-KEEPING

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30TH APRIL, 1938

Dr	EXPENDITURE		INCOME		Cr
	£	s d	£	s d	
To Rent of Office	47	-	By Subscriptions and Donations	-	753
Office Salaries	418	-	Literature Sales	-	715
Office Expenses	6	-	Receipts from Lecture Tickets	-	109
Stock of Literature 1st May 1937	36	-	Interest on Consols	-	24
Add Purchases of Literature	-	-			
Less Stock of Literature 30th April 1938	-	-			
Lecturers Fees and Hire of Halls	-	-			
Depreciation of Office Furniture	-	-			
Excess of Income over Expenditure for the Year	-	-			
	£1 6 11	-			£1 6 31

BALANCE SHEET AS AT 30TH APRIL 1938

LIABILITIES		ASSETS	
Subscriptions 1938 29 paid in advance	1 183	Cash in hand	950
Rent owing	98	Office Furniture	40
Capital Account, Balance 1st May 1937	-	Additions	390
Add Excess of Income over Expenditure for the year	-	Less Depreciation	25
		4 per cent Consols	836
		Less Sales	205
		£300 Loans 3 per cent Stock	-
		Stock of Literature	431
			365
			255
			58
			£1 129

EXERCISE XV (B)—No 1

JOURNAL

	£	s	d	£	s	d
Ordinary Shareholders To Ordinary Share Capital 200 000 shares of £1 each	200 000	-	-	200 000	-	-
Debenture Holders To Debentures 800 bonds of £100 each	80 000	-	-	80 000	-	-
	£280 000	-	-	£280 000	-	-

CASH BOOK
(DEBIT SIDE)

		Bank	£	s	d
19	To Ordinary Shareholders Debenture Holders		200 000 80 000	-	-
			£280 000	-	-

TRIAL BALANCE

	£	s	d	£	s	d
Ordinary Share Capital				200 000	-	-
Debentures				80 000	-	-
Cash at Bank	280 000	-	-			
	£280 000	-	-	£280 000	-	-

EXERCISE XV (B)—No. 1 (contd.)

BALANCE SHEET

CAPITAL AND LIABILITIES	£	s	d.	PROPERTY AND ASSETS	£	s	d.
<i>Ordinary Share Capital—</i>				<i>Cash at Bank.</i>	280,000	—	—
200,000 Shares of £1 each	200,000	—	—				
<i>Debentures—</i>							
800 Bonds of £100 each.	80,000	—	—				
	£280,000	—	—		£280,000	—	—

EXERCISE XV (B)—No. 2.

JOURNAL

19..		£	s	d.	£	s	d.
	Preference Shareholders	225,000	—	—			
	To Preference Share Capital				200,000	—	—
	200,000 shares of £1 each						
	To Premium on Shares Account				25,000	—	—
	2s 6d per share on 200,000 shares						
	Debenture Holders	84,000	—	—			
	To Debentures				80,000	—	—
	£80,000 issue of debentures						
	To Debenture Premium A/c				4,000	—	—
	3% of £80,000.						
		£309,000	—	—	£309,000	—	—

CASH BOOK

(DEBIT SIDE)

		Bank.		
		£	s	d.
19.	To Preference Shareholders	225,000	—	—
	.. Debenture Holders	84,000	—	—
		£309,000	—	—

EXERCISE XV (B)—No 2 (*contd*)

TRIAL BALANCE

	£	s	d	£	s	d
Preference Share Capital				200 000	—	—
Premium on Shares				25 000	—	—
Debentures				80 000	—	—
Debenture Premium				4 000	—	—
Cash at Bank	309 000	—	—			
	£309 000	—	—	£309 000	—	—

BALANCE SHEET

CAPITAL AND LIABILITIES	£	s	d	PROPERTY AND ASSETS	£	s	d
<i>Preference Share Capital—</i>				Cash at Bank	309 000	—	—
200 000 Shares of £1 each	200 000	—	—				
Share Premium Account	25 000	—	—				
Debentures	80 000	—	—				
Premium on Debentures A/c	4 000	—	—				
	£309 000	—	—		£309 000	—	—

EXERCISE XV (B)—No 3

JOURNAL

19		£	s	d	£	s	d
	Debenture Holders	76 000	—	—			
	Debenture Discount	4 000	—	—			
	To Debentures				80 000	—	—
	For issue of £80 000 debentures						
	in bonds of £100 each @ £9s						
	per bond						
		£80 000	—	—	£80 000	—	—

EXERCISE XV (B)—No. 3 (*contd.*)CASH BOOK
(DEBIT SIDE)

19..		£	s	d
	To Debenture Holders	76 000	-	-

TRIAL BALANCE

	£	s	d	£	s	d
Debentures				80,000	-	-
Debenture Discount	4 000	-	-			
Cash at Bank	76 000	-	-			
	£80,000	-	-	£80,000	-	-

BALANCE SHEET

CAPITAL AND LIABILITIES	£	s	d	PROPERTY AND ASSETS.	£	s	d
<i>Debentures</i> — 800 Bonds of £100 each	80 000	-	-	Cash at Bank	76 000	-	-
	£80 000	-	-	Debenture Discount	4 000	-	-
					£80 000	-	-

EXERCISE XV (B)—No. 4

JOURNAL

19		£	s	d	£	s	d
	Application A/c (Ordinary Shares). To Ordinary Share Capital 2/6 per share on 200 000 shares	25,000	-	-	25,000	-	-
	Allotment A/c (Ordinary Shares) To Ordinary Share Capital 7/6 per share on 200 000 shares	75,000	-	-	75,000	-	-
	First Call A/c (Ordinary Shares) To Ordinary Share Capital 5/- per share on 200,000 shares	50,000	-	-	50,000	-	-
	Final Call A/c (Ordinary Shares) To Ordinary Share Capital 5/- per share on 200 000 shares	50,000	-	-	50,000	-	-
		£200 000	-	-	£200 000	-	-

CASH BOOK
(DEBIT SIDE)

19		£	s	d
	To Application Account (Ordinary Shares)	25 000		-
	Allotment Account (Ordinary Shares)	75 000		-
	First Call Account (Ordinary Shares)	50 000		-
	Final Call Account (Ordinary Shares)	50 000		-
		£200 000		-

TRIAL BALANCE

	£	s	d	£	s	d
Ordinary Share Capital				200 000		-
Cash at Bank	200 000		-			-
	£200 000		-	£200 000		-

BALANCE SHEET

CAPITAL AND LIABILITIES	£	s	d	PROPERTY AND ASSETS	£	s	d
Ordinary Share Capital— 200 000 Shares of £1 each	200 000			Cash at Bank	200 000		
	£200 000				£200 000		

EXERCISE XV (B)—No 5

JOURNAL

19		£	s	d	£	s	d
	Application A/c (Preference Shares)	75 000		-			
	To Preference Share Capital				50 000		-
	5/- per share on 200 000 shares						
	To Share Premium A/c				25 000		-
	2/6 per share on 200 000 shares						
	Allotment A/c (Preference Shares)	50 000		-			
	To Preference Share Capital				50 000		-
	5/- per share on 200 000 shares						
	First Call A/c (Preference Shares)	50 000		-			
	To Preference Share Capital				50 000		-
	5/- per share on 200 000 shares						
	Final Call A/c (Preference Shares)	50 000		-			
	To Preference Share Capital				50 000		-
	5/- per share on 200 000 shares						
		£225 000		-	£225 000		-

EXERCISE XV (B)—No. 6 (contd)

CASH BOOK
(DEBIT SIDE)

		Bank		
		£	s	d
19	To Application Account (Debentures)	16 000	—	—
	„ Allotment Account (Debentures)	24 000	—	—
	„ Call Account (Debentures)	40 000	—	—
		£80 000	—	—

TRIAL BALANCE

	£	s	d	£	s	d
Debentures				80 000	—	—
Cash at Bank	80 000	—	—			
	£80 000	—	—	£80 000	—	—

BALANCE SHEET

CAPITAL AND LIABILITIES	£	s	d	PROPERTY AND ASSETS	£	s	d
Debentures— 800 Bonds of £100 each	80 000	—	—	Cash at Bank	80 000	—	—
	£80 000	—	—		£80 000	—	—

EXERCISE XV (B)—No. 7

JOURNAL

		£	s	d	£	s	d
19	Application Account (Debentures)	16 000	—	—			
	To Debentures				8 000	—	—
	10% of £80 000						
	To Debenture Premium A/c				8 000	—	—
	10% of £80 000						
	Allotment Account (Debentures)	72 000	—	—			
	To Debentures				72 000	—	—
	90% of £80 000						
		£88 000	—	—	£88 000	—	—

EXERCISE XV (B)—No. 7 (*contd*)CASH BOOK
(DEBIT SIDE)

		Bank.		
		£	s	d
19..	To Application Account (Debentures)	16,000	—	—
	„ Allotment Account (Debentures)	72,000	—	—
		<u>£88,000</u>	—	—

TRIAL BALANCE

	£	s	d	£	s	d
Debentures				80,000	—	—
Debenture Premium				8,000	—	—
Cash at Bank	88,000	—	—			
	<u>£88,000</u>	—	—	<u>£88,000</u>	—	—

BALANCE SHEET

CAPITAL AND LIABILITIES		£	s	d	PROPERTY AND ASSETS		£	s	d
<i>Debentures—</i>					Cash at Bank		88,000	—	—
800 Bonds of £100 each		80,000	—	—					
Debenture Premium Account		8,000	—	—					
		<u>£88,000</u>	—	—			<u>£88,000</u>	—	—

EXERCISE XV (B)—No. 8

JOURNAL

	£	s	d	£	s	d
19	Application Account (Debentures)	16,000		16,000		
	To Debentures					
	£20 per bond on 800 bonds of £100 each					
	Debenture Discount Account	8,000		8,000		
	To Debentures					
	10% of £80,000					
	Allotment Account (Debentures)	56,000		56,000		
	To Debentures					
	Balance of amount due, i.e. £72,000					
	— £16,000					
	<u>£80,000</u>	—	—	<u>£80,000</u>	—	—

EXERCISE XV (B)—No 8 (contd.)

CASH BOOK

19		£	s	d
	To Application Account (Debentures)	16 000	—	—
	Allotment Account (Debentures)	56 000	—	—
		£72 000		

TRIAL BALANCE

	£	s	d	£	s	d
Debentures				80 000	—	—
Debenture Discount	8 000					
Cash at Bank	72 000					
	£80 000			£80 000		

BALANCE SHEET

CAPITAL AND LIABILITIES	£	s	d	PROPERTY AND ASSETS	£	s	d
Debentures—				Cash at Bank	72 000		
800 Bonds of £100 each	80 000			Debenture Discount	8 000		
	£80 000				£80 000		

EXERCISE XV (B)—No 9

JOURNAL

19		£	s	d	£	s	d
	Application Account	25 000	—	—			
	To Share Capital Account				25 000	—	—
	2/6 per share on 700 000 shares						
	Application Account	1 875	—	—			
	To Allotment Account				1 875	—	—
	Transfer of 2/6 per share on 15 000						
	oversubscribed on application						
	Allotment Account	50 000	—	—			
	To Share Capital Account				50 000	—	—
	5/- per share on 700 000 shares						
		£76 875	—	—	£76 875	—	—

Dr

CASH BOOK

Cr

	£	s	d		£	s	d
To Application Account	25 000			By Application Account	1 875		
(250 000 2/6s)				(15 000 2/6s returned			
Allotment Account	48 125			to now successful appli-			
(£50 000 less £1,875)				cants)	75 000		
	£76 875			Balance c/d	£76 875		

EXERCISE XV (B)—No 10.

JOURNAL

19..		£	s	d	£	s	d
	Application Account	25,000	-	-	25,000	-	-
	To Share Capital Account						
	2/6 per share on 200,000 shares						
	Allotment Account	25,000	-	-	25,000	-	-
	To Share Capital Account						
	2/6 per share on 200 000 shares						
	Call Account	50,000	-	-	50,000	-	-
	To Share Capital Account						
	5/- per share on 200,000 shares						
		£100 000	-	-	£100,000	-	-

CASH BOOK

(DEBIT SIDE)

19.		£	s	d
	To Application Account	25 000	-	-
	.. Allotment Account	25 000	-	-
	.. Call Account	50,037	10	-
	(£50 000 + (£100 paid in advance, less £62/10/- in arrears))			
		£100 037	10	-

BALANCE SHEET

CAPITAL AND LIABILITIES	£	s	d	£	s	d	PROPERTY AND ASSETS	£	s	d	£	s	d
Nominal Capital							Cash at Bank				100 037	10	-
250 000 Shares of £1 each	250,000												
Issued Capital													
200 000 Shares of £1 (10/- called)	100,000	-	-										
Add Calls in Advance	100	-	-										
	100,100	-	-										
Less Calls in Arrears	62	10	-										
				100 037	10	-							
				£100,037	10	-					£100 037	10	-

EXERCISE XV (B)—No 11

JOURNAL

		£	s	d	£	s	d
19 June 30	Application A/c (Ordinary Shares) To Ordinary Share Capital 5/- per share on 100 000 shares To Premium on Shares A/c 5/- per share on 100 000 shares	50 000	-	-	25 000	-	-
					25 000	-	-
July 15	Allotment A/c (Ordinary Shares) To Ordinary Share Capital 15/- per share on 100 000 shares	75 000	-	-	75 000	-	-
		£125 000	-	-	£125 000	-	-

EXERCISE XV (B)—No 12

THE BLARNEYSTONE DIAMOND SYNDICATE LTD

JOURNAL

		£	s	d	£	s	d
19 Jan 2	Application A/c (Ordinary Shares) To Ordinary Share Capital 5/- per share on 20 000 shares	5 000	-	-	5 000	-	-
" 2	Application A/c (Preference Shares) To Preference Share Capital 5/- per share on 8 000 shares	2 000	-	-	2 000	-	-
Feb 1	Allotment A/c (Ordinary Shares) To Ordinary Share Capital 10/- per share on 20 000 shares	10 000	-	-	10 000	-	-
" 1	Allotment A/c (Preference Shares) To Preference Share Capital 10/- per share on 8 000 shares	4 000	-	-	4 000	-	-
Mar 1	First Call A/c (Ordinary Shares) To Ordinary Share Capital 5/- per share on 20 000 shares	5 000	-	-	5 000	-	-
" 1	First Call A/c (Preference Shares) To Preference Share Capital £2 per share on 8 000 shares	16 000	-	-	16 000	-	-
		£42 000	-	-	£42 000	-	-

EXERCISE XV (B)—No. 12 (contd)

CASH BOOK
(DEBIT SIDE)

		Bank	
		£	s d
19			
Jan	2	To Application Account (Ordinary Shares)	5,000
"	2	Application Account (Preference Shares)	2,000
Feb	1	Alotment Account (Ordinary Shares)	8,000
"	1	Alotment Account (Preference Shares)	3 500
Mar	1	First Call Account (Ordinary Shares)	3 200
"	1	First Call Account (Preference Shares)	13,000
		£34 700	

The amounts unpaid were as follows—

Ordinary Shares, £3,800

Preference Shares, £3,500

EXERCISE XV (B)—No. 13.

BALANCE SHEET OF THE BOSCOMBE MANUFACTURING CO LTD

CAPITAL AND LIABILITIES	£	£	PROPERTY AND ASSETS	£	£
Nominal Capital—			Machinery and Plant	8,700	
20 000 5% Preference Shares	20 000		Less Depreciation	572	8 128
of £1 each			Stock in trade		7,430
20,000 Ordinary shares of £1	20 000		Sundry Debtors	6 360	
each			Less Bad Debts Reserve	500	6 050
	£ 40 000		Cash at Bank		8 134
Issued Capital—			Goodwill		12 000
20 000 5% Preference Shares	20 000		Insurance Unexpired		146
fully called					
Less Calls in Arrear	10	19 900			
19 000 Ordinary Shares, 15s					
called	13 500				
Less Calls in Arrear	5	13 495			
General Reserve A/c		3 000			
Sundry Creditors		2 473			
Profit and Loss Appropriation					
A/c—					
Balance 1st January	209				
Current Year's Profit	2 791	3 000			
		£ 41,908			£ 41,908

EXERCISE XV (B)—No. 14

The student should compare his own effort with the model set of Final Accounts on the following two pages. That is the answer to No. 15, but will serve equally well for the two questions

EXERCISE XV (B)—No. 15 (contd.)

WILLIAM PEARSON & CO., LTD.
BALANCE SHEET AS AT 31ST DECEMBER, 19..

CAPITAL AND LIABILITIES		£		£	s		£	s		£	s		£	s	
<i>Nominal Capital—</i>		50,000 Shares of £1 each		50,000	—		—	—		—	—		—	—	
<i>Issued Capital—</i>		30,000 Shares of £1 each, 10/- called		15,000	—		—	—		—	—		—	—	
<i>Less Calls in Arrears</i>				150	—		—	—		—	—		—	—	
<i>Mortgage L. —</i>							14,850						5,400		
<i>45 5% Bonds of £100 each</i>							4,500						6,820		
<i>Reserve Fund</i>				4,000	—		—	—		1,150	—		3,458	—	
<i>Add Transfer from Profit and Loss</i>				1,000	—		—	—		190	—		1,340	—	
<i>Sundry Creditors</i>							5,000								
<i>Unpaid Dividends</i>							1,960								
							252								
<i>Profit and Loss Account—</i>							1,958								
<i>Balance available for distribution</i>							28,518						28,518		
							£						£		

EXERCISE XV (B)—No. 16 (contd.)

MESSRS P PINK AND B. BROWN

BALANCE SHEET AS AT 31ST DECEMBER 19..

LIABILITIES		£	s	d	£	s	d	£	s	d
Rent Owng					125	-	-			
Creditors					854	-	-			
Capital Accounts—										
P. Pink		3,600	-	-				1,293	-	-
B. Brown		1,600	-	-				1,557	-	-
					5 200	-	-	31	-	-
Current Accounts—										
P. Pink		1,304	-	-				2,934	-	-
B. Brown		317	-	-				567	-	-
					1,621	-	-			
								2,367	-	-
								1,287	-	-
								798	-	-
								400	-	-
								36	-	-
								21	-	-
								£7,800	-	-

EXERCISE XV (B)—No 17

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

Cr

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1907													
Dr		£		s		d		£		s		d	
To Stock 1st Jan													
Purchases		50 350		-		-		32 000		-		-	
Less Returns Outwards		750		-		-		-		-		-	
								51 600		-		-	
Manufacturing Wages								28 550		-		-	
Manufacturing Charges								11 500		-		-	
Balance Gross Profit c/d								36 150		-		-	
								£159 800		-		-	
						</							

EXERCISE XV (B)—No 17 (contd.)

Dr PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 19.. Cr.

	£	s	d	£	s	d	£	s	d
To Trade Expenses			6,850						
" Rates and Taxes			250						
" General Expenses			2,640						
" Salaries			1,500						
" Insurance	190								
<i>Less</i> Amount prepaid	90								
Discount			100						
" Interest and Bank Charges			1,800						
" Directors' Fees			350						
" Bad Debts			500						
" Bad Debts Res (5% of £52,500)	2,625		570						
<i>Less</i> Old Reserve	2,600								
Depreciation—			25						
Patents (10% of £5,000)	500								
Machinery and Plant	2,136								
(6% of £35,600)									
Land and Buildings	667	10							
(3% of £22,250)									
Balance, Net Profit c/d			3,303		10				
			18,261		10				
			£36,150				£36,150		

EXERCISE XV (B)—No 17 (cont'd)

Dr		APPROPRIATION ACCOUNT				Cr	
	£	£	s	d	£	s	d
✓ To Remuneration to Mang Director (10% of £18 261/10/-)		1 826	3	-		750	-
Reserve Fund		2 500	-	-		18 261	10
" Balance to Balance Sheet		14 685	7	-		-	-
		£ 19 011	10	-	£ 19 011	10	-

BALANCE SHEET AS AT 31ST DECEMBER 19

[illegible]

EXERCISE XV (B)--No. 18.

THE BROWN BOX CO., LTD

Dr. TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19													Cr.			
To Stock, 1st Jan	.	.	.	£	s	d	£	s	d	By Sales	.	.	.	£	s	d
" Purchases	.	.	.	4,129	15	8	1,929	14	7	Less Returns Inwards	.	.	.	10,124	14	2
" Less Returns Outward	.	.	.	94	12	4				" Stock, 31st Dec.	.	.	.	101	2	10
" Carriage	.	.	.				4,035	4	4							
" Manufacturing Wages	.	.	.				422	4	8							
" Balance, Gross Profit c/d	.	.	.				2,014	1	9							
							3,344	3	3							
							£11,745	8	7							
To Rates and Taxes	.	.	.	87	14	1				By Trading Account b/d	.	.	.	£11,745	8	7
Less Amount unexpd	.	.	.	17	8	2				" Discount	.	.	.	3,345	3	3
" Trade Expenses	.	.	.				70	5	11					13	2	-
" Lighting and Heating Expenses	.	.	.				29	1	1							
" General Expenses	.	.	.				72	2	6							
" Salaries	.	.	.				127	16	10							
" Insurance	.	.	.				505	14	8							
Less Amount unexpd	.	.	.	39	1	2										
" Directors' Fees	.	.	.	9	7	6										
" Bank Charges	.	.	.				29	13	8							
" Bad Debts Reserve (addition thereto)	.	.	.				50	-	-							
" Depreciation—	.	.	.				10	2	1							
Furniture and Fixtures (5% of 894/8/10)	.	.	.	47	6	4	211	5	4							
Plant and Machinery (10% of £727/10/4)	.	.	.	72	15	-										
Land and Buildings (2½% of £3,700)	.	.	.	92	10											
" Balance, Net Profit c/d.	.	.	.				312	11	4							
							1,928	11	10							
							£3,357	5	3					£3,357	5	3

APPROPRIATION ACCOUNT												Cr.						
Dr.	£			s			d			£			s			d		
To Preference Share Dividend	:	:	:	:	:	:	171	-	-	By Balance from previous year	:	:	:	:	:	472	7	2
" Ordinary Share Dividend	:	:	:	:	:	:	114	-	-	" Profit and Loss Account b/d	:	:	:	:	:	1 928	11	10
" Balance to Balance Sheet	:	:	:	:	:	:	2 113	19	-									
							£2 400	19	-							£2 400	19	-

THE BROWN BOX CO. LTD.

BALANCE SHEET AS AT 31ST DECEMBER 19

[illegible]

EXERCISE XV (B)—No 19

THE CHESHIRE MANUFACTURING CO LTD

Gr.

THE CHESHIRE MANUFACTURING CO.

Dr.	£	s	d	£	s	d	£	s	d
To Stock, 1st Jan				11	420	-			
" Purch 1908				43	249	-			
" Carriage Inwards					220	-			
" Wages	9	371	-			-			
Add Reserve for Wages		50	-			-			
" Fuel				9	421	-			
" Balance, Gross Profit c/d				7	978	-			
				72	858	-			
To Salaries				875	-	-			
" Repairs				445	-	-			
" Bill 1911				275	-	-			
Post 1908				88	-	-			
Rates Taxes and Insur 1908	524	-	-			-			
Less Insurance prepaid	21	-	-			-			
Discounts Allowed				503	-	-			
Travelling Expenses				517	-	-			
Office Expenses				92	-	-			
Carriage Outwards				83	-	-			
Interest and Bank Charges				410	-	-			
Debiture Interest				75	-	-			
Add Debiture Interest accrued	375	-	-			-			
	375	-	-			-			
Directors' Fees				750	-	-			
" Bad Debts Reserve (amount provided)				580	-	-			
" Reserve for Discount on Debtors				400	-	-			
(5% of £24,900 £400)				1,195	-	-			
Depreciation—						-			
Plant and Machinery (10% of £5,020)	562	-	-			-			
Land and Buildings (1% of £25,100)	251	-	-			-			
" Balance, Net Profit				813	-	-			
				872	-	-			
				128	531	-			
By Sales									
" Stock 31st Dec				2,000					
" Loose Tools 1908 Dec.				1,752					
Less Tools, 1st Jan									
				248					
				72,858					
By Trading Account b/d				7,978					
" Discounts Received				314					
" Discount Reserve on Creditors				220					
(24% of £9,160)									
				72,858					
				18,763					
				53,847					

EXERCISE XV (B)—No. 20 (cont'd.)

THE HIGHBURN MANUFACTURING CO., LTD

APPROPRIATION ACCOUNT

THE HIGHBURN MANUFACTURING CO., LTD.		APPROPRIATION ACCOUNT		Cr.	
Dr.		£	s	d	
To Dividends paid					
" Balance to Balance Sheet .					
		£	s	d	
	By Balance, 1st July	1	4	15	
	" Profit and Loss Account b/d	4	8	91	
		£	s	d	
		6	3	06	
		£	s	d	
		3	4	63	
		2	8	43	
		£	s	d	
		6	3	06	

⁴⁴ EXERCISE XV (B)—No 21

THE NORTH LONDON ENGINEERING CO., LTD

THE NORTH LONDON ENGINEERING CO. LTD.
TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

THE NORTH LONDON ENGINEERING CO., LTD.					
TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..					
<i>Dr</i>	<i>£</i>	<i>s</i>	<i>d</i>	<i>£</i>	<i>s d.</i>
To Stock 1st Jan					
" Purchases	17,200	-	-	By Sales	121,580
" Carriage	84 604	-	-	" " Stock, 31st Dec.	14,250
" Manufacturing Wages	560	-	-		
" Balance, Gross Profit c/d	22,100	-	-		
	11,366	-	-		
	<u>£135,830</u>	-	-		<u>£135,830</u>

EXERCISE XV (B)—No 21 (cont'd)

THE NORTH LONDON ENGINEERING CO LTD

Dr	Profit and Loss Account for the year ended 31st December 19	Cr
To Salaries	£ 2,400	By Trading Account b/d
Rates Taxes and Insurance	252	Rents Receivable
Trade Expenses	721	
Repairs	240	
Mortgage Interest	180	
Add amount due for 1 year	180	
		£ 11,740
To Auditor's Fee	360	
Interest Payable and Bank Chgs	75	
Bad Debts	138	
Bad Debts Reserve	578	
(5% of £7,240)		
Less Old Reserve	321	
		£ 11,740
To Depreciation —		
Patents (20% of 1900)	180	
Plant and Machinery	1,214	
(10% of £12,480)		
Balance Net Profit c/d		

<i>Dr</i>	<i>Cr</i>					
APPROPRIATION ACCOUNT						
£	s	d	£	s	d	£ s d
To Reserve Fund						
" Balance to Balance Sheet						
			By Profit and Loss Account			
			£ 500			5 507 - -
			4 007 -			- - -
			£8 507			£8 507 - -

EXERCISE XV (B)—No 21 (*contd.*)

THE NORTH LONDON ENGINEERING CO LTD.

BALANCE SHEET AS AT 31ST DECEMBER, 19 .

CAPITAL AND LIABILITIES	£		s		£	s		£	s	
	£	s	d		£	s	d	£	s	d
<i>Nominal Capital—</i> 100 000 Ordinary Shares of £1 each	100 000	—	—					24 000	—	—
								3 810	—	—
<i>Issued Capital—</i> 60 000 Ordinary Shares of £1 each 10/- per share called up	30 000	—	—					12 480	—	—
Less Calls in Arrears	300	—	—					1 248	—	—
								900	—	—
					29 700	—	—	180	—	—
<i>Mortgage Debentures—</i> 90 Bonds of £100 each										
Debenture Interest accrued					9 000	—	—	7 240	—	—
Reserve Fund	8 500	—	—		180	—	—	362	—	—
Add Transfer from Profit & Loss	1 500	—	—							
					10 000	—	—			
Holdfast Bank, Ltd (overdraft)					4 200	—	—			
Sundry Creditors					4 095	—	—			
Unpaid Dividends					58	—	—			
<i>Profit and Loss Account—</i> Bal available for distribution					4 007	—	—			
					£ 61,240	—	—			
								£ 61,240	—	—

EXERCISE XV (B)—No. 24

E F & CO'S LEDGER

Dr						J J & Co						Cr.					
19						£	s	d	19						£	s	d
Feb	1	To Sales				300			Feb	1	By Bills Receivable				354	11	6
"	1	, Interest				4	7	6									
		(3 mos. @ 5%)															
	1	, Stamp Duty					4										
						£354	11	6							£354	11	6

CASH ACCOUNT

(Bank Column)

Dr		Cash (Bank Column)		Cr		
19 Mar 15	To Bills Receivable	£	50	19 Mar 15	By Banker's Discount (£ of £14/3 8)	£ 15 6

BILLS RECEIVABLE ACCOUNT

Dr		BILLS RECEIVABLE ACCOUNT						Cr		
19 Feb 1	To J J & Co	f	s	d	19 Mar 15	By Cash	f	s	d	
		754	11	6			354	11	6	

T I & CO'S LEDGER

E F & Co

Dr				E F & Co				Cr				
19				£	s	d	19			£	s	d
Feb	1	To Bills Payable		354	11	6	Feb	1	By Purchases	350		
								1	Interest	4	7	6
							"	1	" Stamp Duty		4	-
				£354	11	6				£354	11	6

CASH BOOK

(Bank Column)

Dr		(Bank Column)				Cr	
				19 Mar 1	By Bills Payable	£ 354	s 11 d 6

BILLS PAYABLE ACCOUNT

Dr		BILLS PAYABLE ACCOUNT					Cr		
19 May 4	To Cash	£ 304	s 11	d 6	19 Feb 1	By E. F. & Co	£ 304	s 11	d 6

EXERCISE XV (B)—No 24 (contd)

FORM OF BILL

No 24

DUE DATE 4th May 19

LIVERPOOL

£354 11 6

1st February 19

STAMP

4/

Three months after date pay to our order the sum
of Three hundred and fifty four pounds eleven shillings
and sixpence for value received

To J J & Co
Manchester

Signatures { E
H

EXERCISE XV (B)—No 25

Dr

CONSIGNMENT ACCOUNT

Cr

(Consignment of Steel to SMITH & Co of Melbourne per S S Ormu)

		£	s	d			£	s	d
19	To Goods on Consignment (50 tons Steel @ £12½)	625			19	By Smith & Co (as per A/s)	640		
	Cash	3	10		31	Stock of Iron (10 tons Steel @ £12½ c/d)	125		
Dec 31	Smith & Co's Charges as A/s	48	15		31	Expenses c/d (½ of £37/10/-)	7	10	
31	Balance (Profit)	61	5						
		£72	10				£72	10	
Dec 31	To Balances b/d— Steel Expenses								
		132	10						

EXERCISE XV (B)—No 26

Dr

PROFIT AND LOSS ACCOUNT

Cr

		£	s	d			£	s	d
19	To Interest on Cap A's Partnership Salary Balance (Divisible profit)	310			19	By Balance	2510		
		400							
		1800							
		£2510					£2510		

This Account has been raised to show how divisible profit is arrived at
It is not part of the question

EXERCISE XV (C)—No 1

(a) An Appropriation Account is an extra subdivision of the Profit and Loss Account. It is designed to show how the profit of the year is appropriated. The account subjoined shows on its *debit* side to what purposes the profit of the company has been appropriated. This account is raised only in connection with joint stock companies.

Dr	APPROPRIATION ACCOUNT		Cr
To Preference Share Dividends	£ 1 000	By Balance brought forward from	£
Ordinary Share Dividends	500	December last year	8 0
Managers Directors Remuneration (5% of £8 000)	400	Current Year's Profit	8 000
Superannuation Fund	250		
Balance to Balance Sheet	6 00		
	<u>£8 850</u>		<u>£8 850</u>

Preliminary Expenses and Goodwill are now generally viewed as capital expenditure and it is thought consistent practice to write off any values relating to them through this account.

(b) A "charge against profits" is a term which signifies that the profit earned in business has been secured by an expense inevitable to that result. For example a trader may receive a loan from his banker of say £500 at 5 per cent per annum. Now the purpose to which he applies that £500 will obviously be for earning profit in his business. Let it be suggested that the return to the trader on his investment of the bank loan in his business yields £100 profit then against this £100 must be offset the £25 for interest due to the bankers. Therefore the £25 is said to be a charge against the profit of £100 earned because the trader cannot reasonably conclude that he has earned £100 whilst he is under an obligation in regard to the means by which he was able to secure that income.

An appropriation of profits is a term used to signify that the available profit of a business may be set apart for creating special reserves providing for dividends and for writing down items of capital expenditure e.g. Goodwill.

The distribution of dividends is an example of the appropriation of profits because their distribution can take place only when profit is available for the purpose. This aspect may be made clearer if it be understood that in the circumstance of a trade reverse the directors would be unable to declare a dividend because of there being no available profit for the purpose.

(c) Assets which do not lend themselves to classification as being either fixed or floating are those which are not acquired as a means of earning income or for the purpose of trading with them i.e. converting them into cash or commodities or their equivalents.

Examples of these are—

- (1) Goodwill
- (2) Preliminary Expenses
- (3) Debenture (or Share) Discount

(1) *Goodwill* is acquired when a business is purchased as a going concern and it is represented by a price paid to the vendor in satisfaction of the profits normally expected to be associated with the business taken over. This asset may be said to be of value to the new proprietors in the exact proportion to the changing values of the Trade Debtors taken over.

(2) *Preliminary Expenses* are the initial costs incurred on the formation of a business (see also *Advanced Accounts* page 534).

(3) *Debenture Discount* arises on an issue of debentures by a company when the price at which they are issued is less than their par value. The discount is the margin of price below par at which they may be bought e.g. debentures issued at 98 per cent means that the £2 below par value of £100 is discount.

EXERCISE XV (C)—No 2

JOURNAL OF THE RAYON D'OR PUBLISHING CO., LTD

		£	s	d	£	s	d
19 Dec 31	Profit and Loss Account To Appropriation Account For transfer of balance	11 400	-	-	11 400	-	-
" 31	Preference Stock Dividend Account To Preference Stockholders Income Tax For provision of dividends to stock holders at 6% less income tax @ 5/- in £	3 000	-	-	2 250 750	-	-
" 31	Appropriation Account To Preference Stock Dividend A/c For transfer of balance	3 000	-	-	3 000	-	-
" 31	Ordinary Share Dividend Account To Ordinary Shareholders Income Tax For provision of dividend to share holders at 8% less income tax @ 5/- in £	4,800	-	-	3,600 1 200	-	-
" 31	Appropriation Account To Ordinary Share Dividend For transfer of balance	4,800	-	-	4 800	-	-
" 31	Appropriation Account To Renewals Reserve Provision for addition to reserve	1 500	-	-	1 500	-	-
		28 500	-	-	28 500	-	-

EXERCISE XV (C)—No 3

THE WFLSH MANUFACTURING CO LTD

THE WFLSH MANUFACTURING CO.
TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

[illegible]

APPROPRIATION ACCOUNT

	<div style="text-align:center;">APPROPRIATION ACCOUNT</div>						Cr
D _r	L	s	d	f	s	t	
To Dividend paid				£			2 389
" Balance to Balance Sheet				1 800			3 995
				3 813			
				£5 613			£5 613

EXERCISE XV (C)—No 1 (contd.)

THE WELSH MANUFACTURING CO. LTD

Dr Profit and Loss Account for the year ended 31st December 19 .

Cr

	£	£ s d	£ s d	By Trading Account b/d	£ s d	£ s d
To Rent, Rates, and Taxes			987			
" Repairs to Machinery			144			
" Salaries			3 400			
" Insurance	375					
" Less Amount paid in advance	94					
			242			
Discounts			448			
" General Expenses			2 007			
" Travelling and Exhibition Expenses			918			
" Bad Debts			542			
Depreciation—						
Fittings and Fixtures	65					
(10% of £650)						
Plant and Machinery	1 175					
(10% of £11 750)						
Premises (2% of £10 000)	200					
			1 440			
			3 225			
Balance, Ndr Profit c/d					£ 13 683	
						£ 13 683

EXERCISE XV (C)—No 3 (cont'd)

THE WELSH MANUFACTURING CO LTD
BALANCE SHEET AS AT 31ST DECEMBER 19

CAPITAL AND LIABILITIES	£	s	d	£	s	d	PROPERTY AND ASSETS	£	s	d	£	s	d
Nominal Capital— 60 000 Shares of £1 each	60 000						Premises	10 000					
Issued and Paid up Capital— 60 000 Shares of £1 each (12/ paid up)				36 000			Less Depreciation	200			9 800		
Reserve Fund				10 000			Plant and Machinery	11 750					
Ystwyth Banking Co (overdraft)				2 478			Less Depreciation	1 175			10 575		
Bills Payable				940			Fittings and Fixtures	650					
Sundry Creditors				2 870			Less Depreciation	65					
Profit and Loss Account—							Stocks—				885		
Balance available for distribution on				3 813			Materials	10 743					
							Finished Goods	19 430					
							Sunries	340			30 513		
							Sundry Debtors	4 300					
							Less Bad Debts Reserve	500			3 800		
							Bills Receivable				735		
							Insurance Paid in Advance				93		
											56 101		

COMMENTS UPON THE BALANCE SHEET ETC

- (1) It would appear that the Company is overtrading as the bank has been overdrawn
- (2) The item Finished Goods suggests the anticipation of trade too far ahead
- (3) The Bad Debts Reserve appears to be on too liberal a scale
- (4) A dividend could not be considered as there is no available cash
- (5) The item Wages being 28.15 per cent shows favourably in relation to turnover
- (6) The Company is not robust

THE POSTTORD MANUFACTURING CO., LTD

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19.. Cr.

Dr	£	s	d	£	s	d	£	s	d
To Stock, 1st Jan				8 990	-	-	37 950	-	-
" Purchases				15 345	-	-	9 050	-	-
" Wages				13 671	-	-			
" Fuel				485	-	-			
" Balance Gross Profit				8 509	-	-			
				47 000	-	-	47 000	-	-
To Repairs	472								
Less } to be carried forward	236								
" Office Expenses				236	-	-			
" Discount				362	-	-			
" Salaries				83	-	-			
" Postages and Telegrams . . .				1,062	-	-			
" Rates and Taxes				116	-	-			
" Travelling Expenses				239	-	-			
" Interest and Bank Charges . .				317	-	-			
" Cost of New Catalogues (½ of £300)				402	-	-			
" Directors' Fees				100	-	-			
" Bad Debts Res. (5% of £9,847)	492	7	-	300	-	-			
Less Old Reserve	250								
				242	7	-			
" Depreciation—									
Loose Tools (20% of £1,956)	371	4	-						
Boiler and Heating Plant	59	4	-						
(10% of £592)									
Plant and Machinery	565	8	-						
(10% of £5 654)				995	16	-			
" Balance, Net Profit				4 053	17	-			
				£8 509	-	-	£8 509	-	-

EXERCISE XV (C)—No 5 (cont'd)

MARTIN HANSON & CO LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

	£	s	d	£	s	d	£	s	d
To Discounts Allowed				1,600	13	11			
Insurance				178	1	2			
Losses kept									
Less Stock in hand									
Repairs				710	3	4			
Trade Expenses				1,581	5				
Salaries				635	7	2			
" Directors Fees				1,307	1	6			
" Bank Comm. Share				230	18	3			
" Solicitor's Fees				28	18	3			
" Directors Trustees Fees				29	14	6			
" Debenture Interest				25	5				
" Loan Interest				877	10				
" Bad Debts Reserve (not provided)				253	2	10			
Less Off by way	100								
	408	1	9	195	18	3			
Discount Reserve on Debtors (amount provided)				687					
Depreciation—									
Loose Tools	220	14	5						
Pattern	346	5	4						
Foratures (2% of £200 for a year)	10								
Horses and Carts (20% of £250 for a year)	50								
Fixed Plant (3% of £4,400 for a year)	220								
Electric Light Installation (£ of £100)	100								
Balance Net Profit				948	19	9			
				268	12	1			
				1,174	3	2			

APPROPRIATION ACCOUNT

[illegible]

EXERCISE XV (C)—No. 5 (cont'd)

MARTIN HANSON & CO LTD

Balance Sheet as at 31st December, 19

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS.	
£	s d	£	s d
Nominal and Issued Capital—			
17,500 5% Preference Shares of £1 each, fully paid	13 500		
58,000 Ordinary Shares of £1 each, fully paid	58 000		
	£71,500	23,500	0 9
4½% Debenture Stock	19 500	81	9 9
Reserve Fund	6 100	4 400	—
Special Reserve Account	1,294	2 20	—
Loans	8,530	2 750	5
Sundry Creditors	3 963	208	5
Ordinary Share Dividend accrued	19 10	2 54 12	9
Profit and Loss Account—	2 900	2 9 9	12 9
Balance available for distribution	4 183	14	9 5
		2 40	—
		30	—
		3 200	—
		320	—
		2 880	—
		8 25	10
		3 405	10
		28	4
		100	—
		200	—
		10	—
		11,612	5
		£100	—
		£697	—
		1 207	—
		207	—
		150	—
		6 905	10 10
		99	16 8
		10 345	8 5
		5	1 2
		8 57	—
		0 693	7 6
		£114 471	5
		£114 471	5

EXERCISE XV (C)—No 6

(1) TRIAL BALANCE—(ITEMS ONLY)

Trading Account—

Stock (at commencement)	Manufacturing Expenses	Sales
Purchases	Returns Outward	Returns Inward
Carriage Inwards	Factory Rent	Power
Manufacturing Wages	Light etc	

Profit and Loss Account—

Carriage Outwards	Insurance	Stationery and Postages
Discounts Received	Advertising	Commission
Discounts Allowed	Lighting and Heating	Travelling
Office Salaries	Interest	Repairs
General Expenses	Depreciation	Bank Charges
Office Rent and Rates	Bad Debts	

Balance Sheet—

Cash	Patents	Sundry Credits
Bank	Motor Lorries	Sundry Debts
Bills Payable	Plant and Machinery	Capital
Bills Receivable	Land and Buildings	Drawings
Office Furniture	Goodwill	

Adjustments required at Balancing time—

- (1) Valuation of Stock in hand at close
- (2) Provision of Interest on Capital
- (3) Provision for Bad and Doubtful Debts by a Reserve therefor
- (4) Provision for—(a) Outstanding items as Rent due
(b) Unexpired items as Insurance prepaid

(2)

(a) *Single Account System*

The view of what is deemed profit under this system is gauged by the net increase in value of assets over liabilities for the financial year just closed. A realized surplus on any one particular asset may not be considered available for distribution to shareholders without reference to the general financial position of the concern.

(b) *Double Account System*

The view of what is deemed profit under this system is measured by the difference between income and expenditure as shown by the Revenue Account without reference to the depreciation (or it may be the appreciation of the fixed assets as shown in the Capital Account).

(c) *Third System*

When the Memorandum of Association provides power for its directors to invest capital in a wasting asset and exemption from providing means for the renewal of the same then the profit of the company available for distribution is the excess of the year's income over the year's expenses properly chargeable to revenue without provision for depreciation of fixed assets.

(d) *Fourth System*

Provision for losses of Capital (Fixed and Floating) are not necessarily to be included in the statement of profit before determining the profit of the company. It would seem that unless specifically provided for in the Memorandum or Articles of Association the profit of a company normally relates to the excess of income over expenses properly chargeable against revenue.

EXERCISE XV (C)—No 7

The method adopted to make the Bought and Sales Ledgers balance independently is by means of adjustment accounts, which accounts are clearly explained and illustrated in Advanced Accounts

To keep the position of the Bank Account from the Ledger clerks, it would be necessary to arrange for the Bank Account (total amounts of receipt and payments) to be kept in the Private Ledger

EXERCISE XV (C)—No 8

Dr		REALIZATION ACCOUNT						Cr	
19	To Sundry Assets " Cash (Expenses)	£	s	d	19	By Cash (including £300 for Goodwill) " Balance (Loss transferred to Profit and Loss A/c)	£	s	d
		22 100	-	-			21 800	-	-
		300	-	-			600	-	-
		£ 22 400	-	-			£ 22 400	-	-

Dr		CASH ACCOUNT						Cr	
19	To Realization A/c	£	s	d	19	By Realization A/c (Expenses) " Harrison " Sundry Creditors " L. Brier " C. Oke	£	s	d
		21 800	-	-			300	-	-
							4 000	-	-
							4 200	-	-
							10 500	-	-
							2 710	-	-
		£ 21 800	-	-			£ 21 800	-	-

Dr		PROFIT AND LOSS ACCOUNT						Cr	
19	To Interest on L. Brier's Capital " Loss on Realization " Balance Net Profit to Capital A/cs— L. Brier, 1/2 C. Oke, 1/2	£	s	d	19	By Balance . . .	£	s	d
		2 000	-	-			12 500	-	-
		600	-	-					
		43 940	-	-					
		3 900	-	-					
		9 900	-	-					
		£ 12 500	-	-			£ 12 500	-	-

Dr		L. BRIER'S CAPITAL ACCOUNT						Cr	
19 Dec. 31 " 31	To Drawings A/c " Cash	£	s	d	19 Dec. 31	By Balance " Interest " Profit and Loss A/c	£	s	d
		5 350	-	-			8 000	-	-
		10,390	-	-			2 000	-	-
		15 940	-	-			5 940	-	-
		£ 15 940	-	-			£ 15 940	-	-

EXERCISE XV (C)—No 8 (contd.)

Dr L BRIER'S DRAWINGS ACCOUNT Cr

19 Dec 3	To Balance	£	s	d	19 Dec 31	By Capital A/c	£	s	d
		5	3	0			5	3	0

Dr C OKF'S CAPITAL ACCOUNT Cr

19 Dec 31	To Drawings A/c	£	s	d	19 Dec 31	By Profit & Loss A/c	£	s	d
	Cash	1	2	50			3	5	0
		2	7	10					
		3	9	60			3	9	60

Dr C OKF'S DRAWINGS ACCOUNT Cr

19 Dec 3	To Balance	£	s	d	19 Dec 31	By Capital A/c	£	s	d
		1	2	50			1	2	50

EXERCISE XV (C)—No 9

JOURNAL ENTRIES FOR ADJUSTMENT

19	Suspense Account To W. Brown	£	s	d	£	s	d
		10	9		10	9	
	Sundry Debtors To Suspense Account	6	3	2	6	3	2
	Returns Inwards To R. Carr	27	10		27	10	
	Bradart Freres To Bank	220			220		
		£264	2	2	£264	2	2

EXERCISE XV (C)—No 10

See *Advanced Accounts* pages 18 and 19 (under Loose leaf and Card Ledger)

THE MOTOR MANUFACTURING CO., LTD

TRADING ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19..

Cr.

Dr	£		s		d		By Sales		£		s		d.	
To Stock 1st Jan . .	.	.	18	750	-	-	By Sales	.	122	000	-	-	-	-
Purchases . . . .	.	.	62	100	-	-	" Stock, 31st Dec.	.	10	087	-	-	-	-
" Manufacturing Wages	.	.	30	000	-	-								
" Coal . . . . .	.	.	2	225	-	-								
" Royalties . . . .	.	.	4	50	-	-								
" Balance Gross Profit .	.	.	18	562	-	-								
									£132	087	-	-	-	-

THE MOTOR MANUFACTURING CO. LTD.

BALANCE SHEET FOR THE YEAR END'D 31st DECEMBER, 19..

CAPITAL AND LIABILITIES		£		s	d	£	s	d	PROPERTY AND ASSETS		£	s	d	£	s	d
<i>Nominal Capital—</i>		80,000							Freehold Premises		20,000			18,000		
80,000 Shares of £1 each									Plant and Machinery		1,500					
<i>Subscribed Capital—</i>									Less Depreciation		6 7 1/2			18,500		
60,000 Shares of £1 each fully called		60,000							Office Furniture							
Less Calls in Arrear		1,000							Less Depreciation		46 17 6					
Debentures 5%									Patterns		6,250			578		2 6
Sinking Fund Account for Redemption of Debentures		8,000							Less Depreciation		468 15			5,781		5
Add Transfer from Profit and Loss Account		2,000							Patent		3,750					
Interest on £8,000 at 3 1/2%		250							Less Depreciation		281 5			3,468 15		
Bills Payable									Goodwill					12,000		
Sundry Creditors									Stock		10,280			10,087		
Profit and Loss Account—									Sundry Debtors		37,500					
Balance available for Distribution									Less Reserve for Bad Debts		1,875			35,625		
									Investments (on account of Sinking Fund, etc., as per contra)		8,000					
									Add Interest Accrued		280			8,280		
									Cash on Deposit at Bank		12,000					
									Cash Current Account at Bank		3,600					
									Cash in hand		150			15,150		
														£127,470		2 6

EXERCISE XV (C)—No 12

LEDGER

P's CAPITAL ACCOUNT
(Credit Side)P's DRAWINGS ACCOUNT
(Credit Side)

19			19		
Mar 31		£	Mar 31		£
Sept 30		s d	Sept 30		s d
By Balance		6 500	By Balance		7 50
Interest		54	Proportion of Profit		
(5% for 2 mos.)		3 4	Due		250
			($\frac{1}{2}$ of £750)		
			" Interest		6 6 8
			(5% for 2 mos on		
			£1 000)		

EXERCISE XV (C)—No 13

JOURNAL

OPENING ENTRIES

19		£	s	d	£	s	d
Jan 1							
	Leasehold Premises	2 000					
	Fittings etc	450					
	Stock	4 600					
	Book Debts	800					
	Cash	50					
	To Sundry Creditors				1 500		
	Bank Overdraft				2 950		
	As Capital				3 480		
		7 930			7 930		
	Cash	4 000					
	To B's Capital Account				3 000		
	As Capital Account (For premium paid by B for share of goodwill)				1 000		



EXERCISE XV (C)—No 14.

JOURNAL OF MESSRS AMBROSE & CO (New)

19		£	s	d	£	s	d
Jan 1	Business Purchase Account To Vendors' Account For purchase of business as per agreement dated 1st Jan	37,500	-	-	37,500	-	-
" 1	Sundry Debtors	6,000	-	-			
	Bills Receivable	600	-	-			
	Land and Buildings	10,000	-	-			
	Plant and Machinery	7,000	-	-			
	Horses and Vehicles	500	-	-			
	Stock	8,000	-	-			
	Work in Progress	2,000	-	-			
	Goodwill	11,000	-	-	45,100	-	-
	To Business Purchase Account Sundry Assets acquired as per agreement dated 1st Jan						
" 1	Business Purchase Account To Sundry Creditors	7,600	-	-	5,000	-	-
	Bad Debts Reserve				100	-	-
	Bills Payable				2,500	-	-
	Sundry Liabilities as per agree- ment						
	Vendors' Account To Share Capital Account	37,500	-	-	32,500	-	-
	Cash				5,000	-	-
	32,500 shares allotted and balance in cash as payment of purchase price of business						
	Sundry Shareholders To Share Capital Account	10,000	-	-	10,000	-	-
	For issue of 10,000 shares of £1 each						
	Cash	10,000	-	-	10,000	-	-
	To Sundry Shareholders For sums received						
		£147,700	-	-	£147,700	-	-

EXERCISE XV (C)—No 14 (contd)

MESSRS AMBROSE & Co, LTD

BALANCE SHEET AS AT 31ST JANUARY 19

CAPITAL AND LIABILITIES				PROPERTY AND ASSETS			
	£	s	d		£	s	d
Nominal Capital— 50 000 Shares of £1 each	50 000	—	—	Land & Buildings			10 000
				Plant & Machinery			7 000
				Horses & Vehicles			500
				Goodwill			11 000
Issued Capital — 42 500 Shares of £1 each fully pd	42 500	—	—	Stock			8 000
Bills Payable	2 500	—	—	Work in Progress			2 000
Sundry Creditors	5 000	—	—	Sundry Debtors	6 000	—	
				Less Bad Debts			
				Reserve	100	—	
							5 900
				Bills Receivable			800
				Bank			5 000
	£ 50 000	—	—				£ 50 000

EXERCISE XV (C)—No 1, JOURNAL

19		£	s	d	£	s	d
	Business Purchase Account To Vendor's Account	80 000	—	—	80 000	—	—
	Land and Buildings	35 000	—	—			
	Stock etc	15 000	—	—			
	Machinery and Plant	20 000	—	—			
	Goodwill	10 000	—	—	80 000	—	—
	To Business Purchase Account						
	Vendors Account To Share Capital Account For 10 000 shares issued to him as part payment	10 000	—	—	10 000	—	—
	Application A/c (2/6 per share)	12 500	—	—			
	Allotment A/c (2/6 per share)	12 500	—	—			
	First Call (5/- per share)	25 000	—	—			
	Final Call (10/- per share)	50 000	—	—	100 000	—	—
	To Share Capital A/c						
	Application A/c To Allotment A/c For transfer of 10 000 2/6's over subscribed	1 250	—	—	1 250	—	—
	Cash A/c To Application A/c	97 000	—	—	13 750	—	—
	To Allotment A/c				11 250	—	—
	First Call				24 000	—	—
	Final Call				48 000	—	—
		£368 250	—	—	£368 250	—	—

Calls in arrears would appear in the Balance Sheet as a deduction from Issued Capital

THE SILVER ORE CO., LTD.

TRADING ACCOUNT FOR THE YEAR ENDED 1ST APRIL, 19

		f	s	d		f	s	d
To Wages of Miners . . . . .	.	6	900	-	By Sales of Silver	17	000	-
" Royalties . . . . .	.	1	000	-	Sales of Coal	950	-	-
" Coal . . . . .	.	.450	-	-	Stock (Silver) 1st April	1,500	-	-
" Oil . . . . .	.	.200	-	-				
" Balance, Gross Profit c/d	.	10	900	-				
		£	19	450		£	19	450

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 1ST APRIL, 19

	£	s	d	£	s	d	£	s	d	£	s	d
To Repairs to Plant	-	-	-	-	-	-	90	-	-	-	-	-
" Advertising	-	-	-	-	-	-	500	-	-	-	-	-
" Legal Expenses	-	-	-	-	-	-	100	-	-	-	-	-
" Salaries	-	-	-	-	-	-	2 000	-	-	-	-	-
" Directors' Fees	-	-	-	-	-	-	700	-	-	-	-	-
" Expenses of Promotion (£ of £300)	-	-	-	-	-	-	200	-	-	-	-	-
" Depreciation—	-	-	-	-	-	-	-	-	-	-	-	-
Plant and Machinery	-	-	-	600	-	-	-	-	-	-	-	-
(15% of £4 000)	-	-	-	-	-	-	-	-	-	-	-	-
Light Railway (15% of £1,200)	-	-	-	180	-	-	-	-	-	-	-	-
Wagons (loss on re-valuation)	-	-	-	100	-	-	-	-	-	-	-	-
Loose Tools (loss on re-valuation)	-	-	-	140	-	-	-	-	-	-	-	-
" Balance, Net Profit to Appropriation Account	-	-	-	-	-	-	1 020	-	-	-	-	-
	-	-	-	-	-	-	7,066	15	-	-	-	-
	-	-	-	-	-	-	£ 11 676	15	-	-	-	-

EXERCISE XV (C) No 16 (cont'd)

THE SILVER ORL CO LTD

BALANCE SHEET AS AT 1st April 19

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS	
£	s d	£	s d
New Paid Capital 30,000 5% Preference Shares of £1 each 30,000 Ordinary Shares of £1 each £ 60,000		Ln d Cr. Ling Plant and Machinery Add Carriage above 4,000 180 4,180	
Issued Capital 21,900 5% Preference Shares of £1 each fully paid 30,000 Ordinary Shares of £1 each fully paid £ 51,900		Less Depreciation Light Railway Less Depreciation 1,200 180 1,020	
Forfeited 15 Shares Account Preference Share Dividend accrued Income Tax £ 100 and Loss A/c Balance available for distribution		Wagons Cost of Sinking Machine Freight on of Shed Office Furniture Loose Tools Stock of Silver 2,000 Shares in Ross & Co. Mines Cash on Deposit (including interest accrued) Cash at Bank Charges in hand Expenses of Promotion Less Weight of 800 200 600	
£ 58,519 16 10		£ 58,519 16 10	

10

APPROPRIATION ACCOUNT

①

	£	s	d	£	s	d	By Profit and Loss Account (Current year's profit)	£	s	d
To Interim Dividend on Preference Shares paid 2nd Oct 1933 Tax	321	18	2					7	066	15
, Income Tax on above	27	9	4							
Preference Share Dividend accrued				549	7	6				
Balance to Balance Sheet				547	10					
				5963	17	6		7	066	15
								7	066	15

THE PLEASANT HOTEL CO., LTD

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19 .

Dr Cr.

	£	s	d	£	s	d	£	s	d
To Stock, 1st Jan— Beer, Wines, Spirits, etc. Provisions	2 128	—	—	—	—	—	7 962	—	—
	3 20	—	—	—	—	—	6 783	—	—
				2 448	—	—		14,125	—
By Sales— Beer, Wines, Spirits, etc. Provisions	5 450	—	—	—	—	—	2 520	—	—
	4 580	—	—	—	—	—	164	—	—
				10 030	—	—		2,664	—
By Receipts— Stocks 31st Dec.— Beer, Wines, Spirits, etc. Provisions				1 803	—	—	8 743	—	—
				411	—	—	212	—	—
				129	—	—	169	—	—
				238	—	—	390	—	—
				471	—	—		9 104	—
				208	—	—		6	—
By Receipts— Apartments (including amount not entered) Bills Sundry Discounts	706	5	—	183	131	—			
	141	5	—						
				847	10	—			
				3 220	19	—			
								25 919	—
Balance Net Profit to Appropriation Account									

PROPOSED APPROPRIATION ACCOUNT

Dr Cr.

	£	s	d	£	s	d
To Interest Dividend on Preference Shares	200	2	1	—	—	—
First Dividend on Preference Shares	200	2	1	1 510	—	—
Dividends on Ordinary Shares	902	—	—	3 220	19	—
Dividends on Deferred Shares	500	—	—			
Balance to Balance Sheet	2 930	14	10			
				£4 730	19	—
By Balance, 1st Jan						
Profit and Loss Account (current year's profit)						

THE PLEASANT HOTEL CO LTD
BALANCE SHEET AS AT 31ST DECEMBER 19

CAPITAL AND LIABILITIES	£		s		d		£		s		d	
	£	s	d	£	s	d	£	s	d	£	s	d
Capital—												
<i>Nominal Capital—</i>												
10 000 5% Cumulative Preference Shares of £1 each	10 000	—	—	10 000	—	—	35 000	—	—	—	—	—
10 000 Ordinary Shares of £1 each	10 000	—	—	—	—	—	2 112	—	—	—	—	—
5 000 Deferred Ordinary Shares of £1 each	5 000	—	—	—	—	—	3 671	183	11	—	—	—
	25 000	—	—	—	—	—	—	—	—	37 112	—	—
Reserves—												
8 500 Cumulative Preference Shares fully paid	8 500	—	—	—	—	—	2 520	—	—	—	—	—
9 000 Ordinary Shares fully paid	9 000	—	—	—	—	—	164	—	—	—	—	—
5 000 Deferred Ordinary Shares (issued to Vendors as fully paid)	5 000	—	—	—	—	—	—	—	—	2 684	152	—
	22 500	—	—	—	—	—	—	—	—	5 069	—	—
Debtors—												
200 4½% Debentures of £100 each	20 000	—	—	—	—	—	—	—	—	123	12 11	—
Delenture Interest accrued	141	5	—	—	—	—	—	—	—	864	—	—
Reserve Fund	5 000	—	—	—	—	—	—	—	—	—	—	—
Bank Overdraft	2 212	—	—	—	—	—	—	—	—	—	—	—
Sundry Creditors	4 980	—	—	—	—	—	—	—	—	—	—	—
Outstanding Wages and Salaries	128	—	—	—	—	—	—	—	—	—	—	—
Profit and Loss Account—												
Balance available for Distribution of proposed dividends as per Appropriation Account	4 530	16 11	—	—	—	—	—	—	—	—	—	—
	59 492	1 11	—	—	—	—	—	—	—	59 492	1 11	—

THE "WEEKLY BANNER" LTD
REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 19.

[illegible]

EXERCISE XV (D) — No 1

THE LOAMSHIRE MANUFACTURING CO., LTD

Dr. MANUFACTURING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 19.. Cr.

[illegible]

EXERCISE XV (D)—No 2

JOHN STEPHENS & CO. LTD.

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19.

	£	s	d	£	s	d
To Purchases	49	7	3	84	3	6
" Wages	20	9	2	3	19	7
" Royalties	294	8	11			
" Balance, Gross Profit c/d .	16	5	15			
				£87	5	24

APPROPRIATION ACCOUNT

	£	s	d	£	s	d
To Interim Dividend paid 1st Oct (less Tax)		1	073			
" Dividend for Final Quarter to 31st Dec		375	-			
" Balance to Balance Sheet .		1	600			
				3	048	18 5

JOHN STEPHENS & CO LTD

D* PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19 . Cr

	£	s	d	£	s	d	£	s	d
To Interest	190	16	8				16	515	8
Interest on Mortgage to 30th June	200	—	—					102	9 6
Add Interest due to 31st Dec								1	12 6
Directors' Fees				390	16	8			
Management and Office Salaries				350	—	—			
Ch of Rents				1 530	—	—			
Trade Expenses				12	4	8			
Depreciation—				6 772	6	2			
Office Furniture (7½% of £412½)	30	18	9						
Patents (½% of £3 000)	250	—	—						
Plant and Machinery	1 733	16	—						
(6% of £28 896/14/)									
Land and Buildings	440	—	—						
(2½% of £17 600)									
Goodwill (10% of £10 526/5/4)	1 052	12	6						
Formation Expenses	599	9	6						
(25% of £2 397/18/2)									
Balance Net Profit c/d				4 106	16	9			
				3 048	18	3			
				16 619	2	8		16 619	2 8

JOHN STEPHENS & CO LTD

BALANCE SHEET AS AT 31ST DECEMBER 19 .

CAPITAL AND LIABILITIES	£	s	d	£	s	d	PROPERTY AND ASSETS	£	s	d	£	s	d
<i>Nominal Capital—</i>							Land and Buildings	17,600	—	—	17,600	—	—
30 000 5% Cumulative Preference Shares of £1 each				30 000	—	—	Less Depreciation	440	—	—	2,000	—	—
50 000 Ordinary Shares of £1 each				50 000	—	—	Cottages	28 896	14	—	27,162	18	—
				£ 80 000	—	—	Plant and Machinery	1,733	16	—			
							Less Depreciation	3 000	—	—			
<i>Issued Capital—</i>							Patents	250	—	—			
40 000 £5% Cumulative Preference Shares of £1 fully paid				30 000	—	—	Less Depreciation	412	10	—	2,750	—	—
40 000 Ordinary Shares of £1 each (15/ per share called)	30 000						Office Furniture	30	18	9			
Less Calls in Arrears	50						Less Depreciation	10,526	5	4	381	11	3
				29 950	—	—	Goodwill	1,052	12	6			
Mortgages at 4%				10 000	—	—	Less Amount written off				9,473	12	10
Interest on Mortgages accrued				200	—	—	Stock				3,197	16	—
Sundry Creditors				7 194	—	9	Sundry Debtors				9,507	3	9
							Cash at Bank	4,493	2	8			
Preference Share Dividend due				375	—	—	in hand	78	4	6	4,571	7	2
<i>Profit and Loss Account—</i>				1,600	9	8	Formation Expenses	2 397	18	2			
Balance available for distribution							Less Amount written off	599	9	6	1,798	8	8
							Suspense Account				1,316	12	9
				£ 79 319	10	5					£ 79,319	10	5

EXERCISE XV (D)--No. 3

JOHN BOITON & CO LTD

Dr. TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19

[illegible]

APPROPRIATION ACCOUNT

	£	s	d	£	s	d	£	s	d
To Balance	103	-	-				3	18	-
Ordinary Share Dividend Paid 14th Feb	1875	-	-				6	0	0
Balance to Balance Sheet	7 108	-	-						
	£9 346	-	-				£9 318	-	-

EXERCISE XV (D)---No. 3 (contd.)

JOHN BOLTON & CO. LTD.

BALANCE SHEET AS AT 31ST DECEMBER 19..

[illegible]

EXERCISE XV (D) — No 4

THE YORKSHIRE TWINED CO LTD

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

Cr

Dr

	£	s	d	£	s	d	£	s	d	£	s	d
To Stock 1st Jan												
Materials Consumed				3 19	4	6				32 106	14	5
Dyeing and Finishing				18 469	15	7				3 699	19	7
Carnage				1 216	3	6						
Wages				539	1	10						
Motive Power				8 437	16	4						
Balance Gross Profit c/d				691	7	5						
				2 939	4	2						
				£ 15 806	14	-				£ 35 806	14	-

EXERCISE XV (D)—No 4 (con/d)

THE YORKSHIRE TWYFOLD CO. LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 19

[illegible]

Dr		APPROPRIATION ACCOUNT										Cr	
		£	s	d	£	s	d	£	s	d	£	s	d
To Balance, 1st Jan	-	80	-	-	20	11	2				20	11	2
" Interim Dividend paid to 30th June	-	90	-	-									
" Dividend provided to 31st Dec	-												
" Making Director's Bonus (10% of £829/7/8)	-				180								
" £15,000 to Finance Scheme	-				842	11	0						
					545	17	2						
					£829	7	0				£829	7	0

EXERCISE XV (D) No 4 (could)

THE YORKSHIRE TWEED CO LTD
BALANCE SHEET AS AT 31ST DECEMBER 19

CAPITAL AND LIABILITIES	£	s	d	£	s	d	PROPERTY AND ASSETS	£	s	d	£	s	d
<i>Nominal Capital—</i>							Freehold Mills				3 000		
5 000 6% Cumulative Preference				5 000			Machinery	4 000					
Shares of £1 each				5 000			Additions during year	200					
5 000 Ordinary Shares of £1 each							Less Depreciat on	4 200					
				£ 10 000			Engines, Boilers and Shifting	307	10		3 892	10	
<i>Issued Capital—</i>							Less Depreciation	500					
3 000 6% Cumulative Preference				3 000			Cards Bobbins Shuttles etc	50			450		
Shares of £1 each fully paid							Additions during year	900					
4 119 Ordinary Shares of £1 each				4 119			Less Depreciation	300					
fully paid							Stock	1 200					
				7 119			Sundry Debtors	262	10		937	10	
4% First Mortgage Debentures				2 000			Less Bad Debts Reserve				3 699	19	7
Mortgage Debenture Interest accrued				40			Discount Reserve	6 000		9			
Bank Overdraft				988		6	Cash in hand	374			5 626		9
Bills Payable	4 810	9	10	2 220			<i>Prepaid Items—</i>				32	11	9
Sundry Creditors	240	10	6				Telephone Rent				7	10	
Less Discount Reserve							Fire Insurance				20		
Preference Share Dividend accrued				4 569	19	4							
Rates owing				90									
Managing Director's Bonus				10									
<i>Profit and Loss Account—</i>				82	18	9							
Balance available for distribution				540		7					27	10	
				£ 17 666		2					£ 17 666		2
						1							1

EXERCISE XV (D)—No 5 (cont'd)

THE OIL AND GAS MOTOR CO. LTD

BALANCE SHEET AS AT 31ST DECEMBER 19

CAPITAL AND LIABILITIES	£	s	d	£	s	d	PROPERTY AND ASSETS	£	s	d	£	s	d
Nominal Capital— 2 500 Shares of £10 each	25 000	-	-	-	-	-	Land and Buildings <i>Less Depreciation</i>	5 000 150	-	-	4 850	-	-
Issued Capital— 2 000 Shares of £10 each fully paid	-	-	-	20 000	-	-	Plant and Machinery <i>Less Depreciation</i>	8 800 440	-	-	8 360	-	-
6% Debentures	-	-	-	15 000	-	-	Loose Tools Patterns	3 300	-	-	2 900	-	-
Bank Overdraft	-	-	-	900	-	-	<i>Less Depreciation</i>	930	-	-	-	-	-
Sundry Creditors	-	-	-	7 000	-	-	Patents <i>Less Depreciation</i>	1 000 100	-	-	2 970	-	-
	-	-	-	-	-	-	Office Furniture etc. <i>Less Depreciation</i>	400 20	-	-	900	-	-
	-	-	-	-	-	-	Stock Sundry Debtors <i>Less Reserve for Bad Debts and Discounts</i>	10 500 630	-	-	380 9 500	-	-
	-	-	-	-	-	-	Cash in hand Profit and Loss Account (Balance to date)	-	-	-	9 870 100	-	-
	-	-	-	£ 42 900	-	-					3 670	-	-
	-	-	-	-	-	-					£ 42 900	-	-

EXERCISE XV (D) - No 6

Dr.

A & B's JOINT VENTURE ACCOUNT

Cr

Due Date	Particulars	Days	Pro- ducts	Amount	Due Date	Particulars	Days	Pro- ducts	Amount
19 Jan 30	To Dock Dues	A 178	£ 1 780	£ 10	19 Feb 1	By Currents	B 149	£ 69,732	£ 468
" 30	" Salmon	A 151	27 180	180		(2½% of £12)			
Feb 2	" Currents	B 148	58 804	398	7 Mar 7	" Salmon	A 115	11,385	98 15
	(5% of £113/4)					(1¼% at £1/5/-)			
Apr 2	" Freight	B 89	445	5		" Almonds	A 70	5 460	78
" 6	" Railway Dues	B 85	340	4		" Eggs	B 60	5,700	95
Mar 17	" Almonds	A 1	200	-		" Salmon	A 58	1,740	30
Apr 1	" Eggs	B 1	100	-		" Almonds	A 46	4,140	90
June 30	Bal of Products		9,508	-		" Salmon	A 40	40	40
						" Almonds	A 35	35	35
" 30	Balance c/d		98 157	38 14 4		" Int (7.00% × 1/2)	98,157	1	1
				£936 1				£936 1	
" 30	fo A's Share of Profit on Venture			19 7 2	30	By Balance b/d			38 14 4
" 30	" B's Share of Profit on Venture			19 7 2					
				£38 14 4					£38 14 4

EXERCISE XV (D)—No 6 (contd.)

JOINT VENTURE IN B'S BOOKS

Dr

Cr

Due Date	Particulars	Days	Pro-ducts	Amount	Due Date	Particulars	Days	Pro-ducts	Amount
19 Feb	To Currents	148	£ 58 904	£ 398	19 Feb	By Currents	149	£ 69 732	£ 469
22 Apr	1 freight	89	445	5	1 May	" Figs	60	5,700	95
6 Apr	Railway Dues	85	340	4	30 June	" Balance of Interest			2
1 June	Figs			100					3
30 June	Balance of Products		15 743						1
30 "	Share of Profit on Venture			19					
30 "	Balance Due to A			38					
			£ 75 492	£ 565			£ 75,492		£ 565
				3					3
				1					1

EXERCISE XV (D)—No 7

The manufacturer's LEDGER should be divided into four main divisions
i.e.—

- | | |
|----------------------------|-------------|
| (1) Purchases of CREDITORS | (3) General |
| (2) Sales of DEBTORS | (4) Private |

In order to separately agree Personal Accounts it would be necessary to introduce Adjustment Accounts for each of the Personal Ledgers

It will greatly facilitate the compilation of the Adjustment Accounts if the subsidiary books are appropriately analysed as is the Bank Cash Book illustrated on pages 290 and 291 of *Advanced Accounts*

EXERCISE XV (D)—No 8

- (1) $\frac{£ 333 \frac{3}{4}}{£1333 \frac{3}{4}} \times \frac{100}{1}$ gives 25% Gross Profit
- (2) $\frac{£195 \frac{825}{100}}{£783 \frac{300}{100}} \times \frac{100}{1}$ gives 25% Gross Profit.

EXERCISE XV (D)—No 9

SYSTEM OF BOOK KEEPING FOR MANUFACTURER

The manufacturer would require the books enumerated below—

- | | |
|------------------------------|--------------------------------|
| (a) Purchases | (g) Petty Cash Book (analysis) |
| (b) Sales | (h) Bank Cash Book |
| (c) Purchases Ledger | (i) Bills Payable Book |
| (d) Sales Ledger | (j) General Ledger |
| (e) Wages Book | (k) Journal |
| (f) Expenses Book (analysis) | (l) Bills Receivable |

The manufacturer must exercise sedulous care that the posting from the subsidiary books shall conform to the double entry principle of a DEBIT entry being offset by a CREDIT entry for equivalent values

It would be necessary when indorsing a bill of exchange to make a journal entry as follows—

Customer	Dr
To Bills Receivable	Cr

EXERCISE XV (D)--No 11 (contd.)

A's CAPITAL ACCOUNT					Cr	
Dr		f	s	d	f	s
19..	To Freehold . " Share of Loss on " Realization .	10 000	-	-	By Balance " Share of Reserve " Loan Account " Cash	9,000 900 2,000 342 10
		£ 12 242	10	-		£ 12,242 10

B's CAPITAL ACCOUNT					Cr	
Dr		f	s	d	f	s
19	To Stock " Share of Loss on " Realization . " Cash	900 747 10 1 652 10	- - -	-	By Balance " Share of Reserve	3 000 300
		£ 3 300	-	-		£ 3,300

EXERCISE XV (D) -No 12

A TRADING ACCOUNT deals with purchasing and manufacturing expenses

A PROFIT AND LOSS ACCOUNT deals with selling, distribution, and administration expenses

POSITION OF ITEMS IN ACCOUNTS

TRADING		PROFIT AND LOSS	
Purchases	Returns	Depreciation	Commission
Carriage and Freight	Packages	Debenture Interest	Advertising
Wages	Fuel	Allowances	Discounts
Stocks on hand	Sales (being Turnover)	Bad Debts	Directors' Fees
All deal with expenses of manufacture or are directly related to Trading		All are expenses of selling distribution or administration	

EXERCISE XV (D)—No 14

JOURNAL

19 .		£	s	d	£	s	d
	Business Purchase Account To Vendors For purchase price of business	40 000			40 000		
	Vendor's Account To Share Capital Account For issue of 4 000 shares of £10 each as fully paid to vendors as payment of purchase price of business	40 000			40 000		
	Property Account To Share Capital For issue of 2 000 shares of £10 as fully paid to sundry persons for purchases of property	20 000			20 000		
	Sundry Shareholders/or Calls A/c To Share Capital For £5 called up on 8 000 shares	40 000			40 000		
	Share Capital Account To Forfeited Shares Account Calls Account For 750 shares of £10 each having been called forfeited for non payment of sums due there on as per Resolution No	3 750			2 000 1 750		
		£143 750			£143 750		

CASH BOOK
(DEBIT SIDE)

		Details			Bank		
19		£	s	d	£	s	d
	To Calls Account as under—						
	6 000 @ £5 per share	30 000					
	1 250 @ £4 per share	5 000					
	500 @ £3 per share	1 500					
	250 @ £2 per share	500					
					37 000		
					£37 000		

✓ EXERCISE XV (D)—No 15

JOURNAL OF THE RICHMOND CO LTD

19		£	s	d	£	s	d
	Application Account	25 000	—	—			
	Allotment Account	25 000	—	—			
	First Call Account	25 000	—	—			
	Final Call Account	25 000	—	—			
	To Share Capital Account				100 000	—	—
	£1 per share on 100 000 shares fully called by four equal instalments of 5/ each						
Jan	Bank Account	99 150	—	—			
	To Application Account				25 000	—	—
	Allotment Account				25 000	—	—
	First Call Account				25 000	—	—
	Final Call Account				24 750	—	—
	Sums received from shareholders						
Feb 12	Share Capital Account	1 000	—	—			
	To Forfeited Shares Account				750	—	—
	Final Call Account				250	—	—
	1 000 shares of £1 each forfeited for non payment of Final Call as per Resolution No						
May 1	Capt Hayward	500	—	—			
	Forfeited Shares Account	500	—	—			
	To Share Capital Account				1 000	—	—
	Re issue of 1 000 shares of £1 each at par in consideration of £500 as per Resolution No						
	Bank Account	500	—	—			
	To Capt Hayward				500	—	—
	Sum received on re issue of forfeited shares						
		£202 250			£202 250		

EXERCISE XV (D)—No 16

JOURNAL OF THE BLAKEWELL MANUFACTURING CO. LTD

19		£	s	d	£	s	d
	Debenture Discount Account . . .	500	-	-			
	Debenture Holders . . .	9 500	-	-	10 000	-	-
	To Debentures						
	For the issue of £10 000 worth of						
	debentures at a discount of 5%						
	Cost of Issue of Debentures . . .	250	-	-			
	To Underwriters . . .				250	-	-
	2½% of issue of debentures.						
		£ 10 250	-	-	10 250	-	-

CASH BOOK

(DEBIT SIDE)

	Bank
	£ s d
To Debenture Holders	9 500 - -

THE BLAKEWELL MANUFACTURING CO., LTD

BALANCE SHEET

LIABILITIES	£	s	d	ASSETS	£	s	d
Debentures	10 000	-	-	Cash at Bank	9 500	-	-
Underwriters Account	250	-	-	Cost of Issue of Debentures	750	-	-
	£ 10 250	-	-		£ 10 250	-	-

Note — The underwriting costs may have been paid in which case only "Debentures £10 000" would appear on the Liabilities side the Assets side would show "Bank £9 250 and Cost of Issue of Debentures £750."

EXERCISE XV (D)—No 17

THE GOLDEN HILL CO LTD

PROFIT AND LOSS APPROPRIATION ACCOUNT
1ST FEBRUARY 19

Dr								Cr
To Reserve Fund	£	3 600	s	d	By Profit and Loss Account	£	18 000	s d
Preference Share Dividend		5 000						
Ordinary Share Dividend		7 500						
Balance c/d		1 900						
	£	18 000				£	18 000	

Dr DIVIDEND ACCOUNT (1ST FEBRUARY 19) Cr

To Preference Shareholders	£	3 750	s	d	By Profit and Loss Appropriation Account	£	12 500	s d
Ordinary Shareholders		7 500						
Income Tax		1 250						
	£	12 500				£	12 500	

Dr INCOME TAX ACCOUNT Cr

				19 Feb 1	By Dividend Account	£	1 250	s d
--	--	--	--	----------	---------------------	---	-------	-----

Dr RESERVE FUND ACCOUNT Cr

				19 Feb 1	By Profit and Loss Appropriation A/c	£	3 000	s d
--	--	--	--	----------	--------------------------------------	---	-------	-----

EXERCISE XV (D)—No 18

Profits prior to incorporation may be ascertained by—

- (a) Stock taking or
(b) On the basis of the First Year's Trading

When such profit has been ascertained the portion to capitalize (being profit prior to incorporation) is calculated according to what fraction the time or turnover up to date of incorporation is of the full year or total turnover of the year as the case may be

The £8 000 profit will be apportioned as follows—

- (a) On Basis of Time

As the period to 30th April is 4 months and the period to 30th June is 6 months the portion of profit to capitalize will be four sixths of £8 000 = £5 333 6s 8d

- (b) On Basis of Turnover

As one half of the turnover was received up to the date of incorporation then one half of £8 000 = £4 000 will be capitalized

EXERCISE XV (D)—No 19

MESSRS BROWNSON & CO LTD

Dr. TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 19. Cr

	£	s	d	£	s	d	£	s	d
To Stock, 1st April									
" Purchases			2 056						
" Carriage			1 525						
" Wages	5 802		280						
Add Wages (unpaid)	50								
• Balance Gross Profit c/d			5 852						
			4 441						
			14 024						
To Bad Debts			220						
" Discounts			126						
" Salaries			1 200						
" Directors' Fees			200						
" Travelling Expenses			607						
" Rates etc (½ yr to 30th Sept last)	50								
Add Rates due	50								
Interest on Bank Overdraft			100						
" Bad Debts Res (5% of £3 172)	159	12	36						
Less Old Reserve	120								
" Depreciation of Plant (amount provided)			38		12				
" Preliminary Expenses			60						
" (amount written off)			100						
" Balance Net Profit c/d			1 653						
			£4 341						
By Sales									
" Stock, 31st March									
By Trading Account b/d									
			14 024						
			4 341						
			£4 341						

MESSRS BROWNSON & CO LTD

APPROPRIATION ACCOUNT

Dr

	£	s	d	£	s	d	£	s	d
To Interim Dividend				750	0		100		
Balance to Balance Sheet				1 003	0		1 653		8
				£1 753	8		£1 753		8

Cr

BALANCE SHEET AS AT 31ST MARCH 19

	£	s	d	£	s	d	£	s	d
CAPITAL AND LIABILITIES									
<i>Nominal Capital—</i>									
8 000 Shares of £1 each	8 000						1 286	60	
<i>Issued Capital—</i>									
7 920 Shares of £1 each 15/- paid up				5 940					1 226
Forfeited Shares Account				10					478
Reserve Fund Account				500					412
Bank Overdraft	900						3 172		2 456
Add Interest accrued thereon	38						158	12	
Bills Payable				936					3 013
Sundry Creditors				1 000					1 488
<i>Outstanding Items—</i>				2 079					95
Wages	50						500		
Rates	50						100		
									400
<i>Profit and Loss Account—</i>									
Balance available for distribution				1 003	8				
				£11 568	8				£11 568
									8

EXERCISE XV (D)---No 20.

o 20.
INCOME AND EXPENDITURE ACCOUNT OF A CHARITABLE SOCIETY
FOR THE YEAR ENDED 31ST DECEMBER, 19---

40

FOR THE YEAR ENDED 31ST DECEMBER, 19--			
	£	s	d.
To Wages	1,862	-	-
• Rates, Heat, and Light	205	-	-
• Committee Expenses	10	-	-
• Secretary's Expenses	47	-	-
• Depreciation of Furnishings	27	-	-
• Excess of Income over Expenditure for the Year	184	-	-
	<u>£2,335</u>	-	-
By Subscriptions			
Dividends			2,670
Income-tax Reclaimed			42
• Profit on Realization of Investments			17
			<u>208</u>
			<u>£2,335</u>

ANNUAL SHEET OF A CHARITABLE SOCIETY
AS AT 31st DECEMBER, 19

LIABILITIES		ASSETS	
£	s d	£	s d
20	-		
120	-		
		140	-
		10	-
		740	-
983	-		
184	-	1,167	-
		£2,067	-
		270	-
		27	-
		243	-
		1,818	-
		£2,067	-

BALANCE SHEET OF Y Z & CO. LTD.

AS AT 31ST OCTOBER 1939

CAPITAL AND LIABILITIES		ASSETS	
Issued Capital—		Freehold Premises at cost less depreciation	
400,000 Ordinary Shares of 10s. each	£ 4,000,000	Plant and Machinery at cost less depreciation	
100,000 7 per cent 1 reference Shares of £1 each	£ 700,000	Vans, Horses and Lorries at cost less depreciation	
		Stocks—	
		London	29,172
		Birmingham	6,512
			35,684
Reserve Capital—		Sundry Debtors—	
240,000 Ordinary Shares of 10s. each, fully paid	£ 2,400,000	London	12,345
10,000 7 per cent 1 reference Shares of £1 each, 1 share	£ 7,000	Birmingham	400
on hand up	140	Less Reserve for Bad Debts	
Less Calls in Arrear		Birmingham	9,615
Share Premium, 8 per cent Debentures	30,000	Less Reserve for Bad Debts	
Sundry Creditors—		Birmingham	250
London	4,598		
Birmingham	3,194	Expenses paid in advance—	
		London	309
Expenses accrued—		Birmingham	146
London	1,947		455
Birmingham	422	Cash and Bank Balances—	
		London	8,757
Staff Pension Fund		Birmingham	2,717
Profit and Loss Account 31st October 1938	8,157	Cash in Transit	2,000
Add Profit for Year—		Staff Pensions Fund Investments at cost	
London	7,334	Discount on Debentures	
Birmingham	4,218		
			13,474
Less Dividends paid			5,340
London	19,709		6,000
Birmingham	9,400		
			£ 237,000

LONDON JOURNAL

BIRMINGHAM JOURNAL

Birmingham Current Account	£ 850	Depreciation of Plant and Machinery	£ 850
To Plant and Machinery		To London Current Account	
Depreciation on plant and machinery at Birmingham	850	Depreciation on plant and machinery at Birmingham	850

EXERCISE XV (D)—No. 22.

MACHINERY ACCOUNT

		Dr		Cr	
		£	s d	£	s d
1935 Jan 1	To Cost of Machinery	2,000	- -		

POLICY ACCOUNT

		Dr		Cr	
		£	s d	£	s d
1935 Jan 1	To Bank—Premium	200	- -	By Machinery Redemption Account Balance carried down	150 - 50 -
1936 Jan 1	To Balance brought down Bank—Premium	50 - 200 -	- -	By Machinery Redemption Account Balance carried down	70 - 180 -
1937 Jan 1	To Balance brought down Bank—Premium	180 - 250 -	- -	By Machinery Redemption Account Balance carried down	60 - 320 -
1938 Jan 1	To Balance brought down	320	- -		

MACHINERY REDEMPTION ACCOUNT

		Dr		Cr	
		£	s d	£	s d
1935 Dec 31	To Policy Account to reduce it to surrender value Balance carried down	150 - 50 -	- -	By Profit and Loss Account	200 -
1936 Dec 31	To Policy Account to reduce it to surrender value Balance carried down	70 - 180 -	- -	By Balance brought down Profit and Loss Account	50 - 270 -
1937 Dec 31	To Policy Account to reduce it to surrender value Balance carried down	60 - 320 -	- -	By Balance, brought down Profit and Loss Account	180 - 200 -
1938 Jan 1				By Balance brought down	320 -

EXERCISE XV (D)—No 23

AVERAGE DUE DATE			Products	
£			£	£
400	due 30th June			
440	73 days before 30th June		32 120	
250	37		9 250	
			<hr/>	41 370
700	18	beyond		12 600
<hr/>				<hr/>
£1 790	(28 770	1 790 gives 16 days)		£28 770
				<hr/>

Average due date = 30th June - 16 days = 14th June

Amount due to be paid £1 790

EXERCISE XV (D)—No 24

(a) See under Partnership Deed page 379 of *Advanced Accounts*

See under Goodwill pages 383 to 386 (inclusive) of *Advanced Accounts*

b) Goodwill is an intangible asset and rarely the fictitious asset it is so often labelled. Its value consists in the profit earning capacity represented by family trade taken over i.e. the customers on the books of the business when purchased. Goodwill is also vested in trade marks trade names and local conditions favourable to the business that has changed hands. In fact Goodwill cannot easily be defined as any one particular advantage yielded by the business purchased but its value is determinable and once created is hard to contest.

GENERAL LEDGER ADJUSTMENT ACCOUNT (SALES LEDGER)

19	19	£	s	d	19	£	s	d	
Mar 31	To Returns Inwards	474	8	7	Mar 31	By Balances of Debtors' Accounts	19,846	10	5
" 31	" , Discounts Allowed	598	15	8	" 31	" Sales to Debtors	18,755	11	6
" 31	" , Cash	12 974	7	10	" 31	" Bills Receivable (dtd acceptances)	326	17	5
" 31	" , Bills Receivable	4 651	6	9	" 31	" " Petty Cash (items charged)	26	13	4
" 31	" , Bought Ledger (amounts transfer d)	158	4	11					
" 31	" , Balance c/d	20 100	12	11					
		£38 955	12	8		£38,955	12	8	
					Mar 31	By Balance b/d	20,100	12	11

SALE'S LEDGER ADJUSTMENT ACCOUNT (GENERAL LEDGER)									
Dr								Cr	
19		£	s	d	19		£	s	d
Mar 1	To Balances of Debtors Accounts	19	846	10 5	Mar 31	By Returns Inwards	474	9	7
31	" Sales to Debtors	18	755	11 6	31	" Discounts Allowed	598	15	8
" 31	" Bills Receivable (disb'd acceptances)	326	17	5	" 31	" Cash	12,974	3	10
" 31	" Petty Cash (items charged)	26	13	4	" 31	" Bills Receivable	4	651	6
					" 31	" Bought Ledger (amts transferred)	153	4	11
					" 31	" Balance c/d	20,100	12	11
		£	38	935			£	38,955	12 8
			12	8					
Mar 31	To Balance b/d		20,100	12 11					

EXERCISE XV (D)—No 26

THE SIMPLEX MANUFACTURING CO

THE SIMPLEX MANUFACTURING CO.
STATE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

Dr		By Sales		By Trading Account		By Discounts Received	
To Stock 1st Jan	£	£	s d	£	s d	£	s d
Purchases	22 753 14 8	5 274	15 10	8 266	14 5	36 350	2 6
Less Transfer to Plant etc	75			1 162	8 10	6 378	12 6
" Productive Wages	7 642 12 9	22 678	14 8				
Less Transfer to Plant etc	115						
Carriage and Freight		7 527	12 9				
Coal Gas and Water		457	16 9				
Balance Gross Profit c/d		502	19 7				
		8 266	14 5				
		44 728	15			44 728	15
To Wages (non productive)		1 013	10 6				
To accounts Allowed		1 975	14 6				
Sundry Trade Expenses		282	12 8				
Ground Rent Rates and Taxes		472	16 9				
Coal Gas and Water		89	17 1				
Bank Charges		54	13 9				
Repairs to Plant	493	12 7					
Bad Debts Reserve (5% of £9 872/12/6)	152	12 9					
Less Old Reserve							
		340	19 10				
Depreciation—							
Plant etc (1st Jan) 5% of £6 012/11/8	300	12 7					
Plant etc (add'l) 25% of £423/7/4	110	14 4					
Furniture and Fittings (5% of £873/14/6)	43	13 9					
				455	8		
Household Redemption Fund—							
Annual Instalment	37	10					
Interest at 2½% on Balance (1st Jan) i.e. £675	16	17 6					
				54	7 6		
Interest on Capital Account—							
G Sykes (5% of £8 300)	425						
R Simpson (5% of £9 444/1/1)	322	4					
Balance Net Profit c/d				747	4		
				3 878	7 2		
				£9 429	3 3		

EXERCISE XV (D)—No 27

Dr

EAST & CO IN ACCOUNT CURRENT WITH NORTH & CO

Cr

Date	Particulars	Due Date	Days	Pro ducts	Mos	Pro ducts	Amount	Date	Particulars	Due Date	Days	Pro ducts	Mos	Pro ducts	Amount
19 Sept 16	To Goods	Oct 1	123	£ 12 300	4	£ 400	£ 100	19 Oct 1	By Cash	Oct 1	123	£ 5 835	4	£ 180	£ 45
Nov 1	Cash	Nov 1	92	15 080	3	485	165	Dec 1	Goods	Dec 1	62	15 500	2	500	250
Dec 1	Cash	Dec 1	62	9 300	2	300	150	Jan 1	Goods	Jan 1	31	7 750	1	250	250
Jan 1	Cash	Jan 1	31	9 300	1	300	300	Feb 1	Goods	Feb 1	31	3 410	1	110	110
Feb 1	Goods	Feb 1					10	Feb 1	Balance c/d			13 785		485	
	Balance of Interest						2					£ 45 980		£ 1 495	72 5 8
							£ 727								£ 727 5 8

$$\text{MONTHS } \frac{91}{11 \times 189} = \frac{91}{40} \quad \text{DAYS } \frac{2779 \times 11}{78 000} = \frac{2779 \times 3}{3650} = \frac{2779 \times 3}{3650} = 2 5 8$$

EXERCISE XV (D)—No 29

JOURNAL ENTRIES FOR ADJUSTMENTS

		£	s	d	£	s	d
19 A	Defaulting Cashier To Sundry Debtors Sales Account	328	16	10	318	4	6
					10	12	4
	Purchases Account Sundry Creditors To Defaulting Cashier	6	8	4			
		66	3	4	72	13	8
	Sundry Creditors To Discount Account	1	13	9			
					1	13	9
	Petty Expenses To Defaulting Cashier	5	3	6			
					5	3	6
B	Loose Plant To A. Brown	95			95		
C	Sales Account To Stock Account	100			100		
D	Sundry Debtors To Bills Receivable	95			95		
		£698	7	9	£698	7	9

EXERCISE XV (E) No 1

DEBENTURE REDEMPTION FUND
INVESTMENT ACCOUNT

Dr					Cr				
Year		£	s	d	Year		£	s	d
Year 1	To Cash	1 431	1	5	Year 1	By Balance c/d	1 431	1	5
Year 2	To Balance b/d	1 431	1	5	Year 2	By Balance c/d	2 933	13	11
	Cash invested = annual instalment + 1st year's interest	1 502	10	6					
		£2 933	13	11			£2 933	13	11
Year 3	To Balance b/d	2 933	13	11	Year 3	By Balance c/d	4 511	9	1
	Cash	1 577	15	2			£4 511	9	1
		£4 511	9	1					

EXERCISE XV (E)—No 1 (contd)

DEBENTURE REDEMPTION FUND

INVESTMENT ACCOUNT—(contd)

Dr					Cr				
Year		£	s	d	Year		£	s	d
Year 4	To Balance b/d	4,511	9	1	Year 4	By Balance c/d	6 168	2	-
	" Cash	1,606	12	11					
		£6,168	2	-			£6 168	2	-
Year 5	To Balance b/d	6 168	2	-	Year 5	By Balance c/d	7,907	11	7
	" Cash	1,739	9	7					
		£7,907	11	7			£7,907	11	7
Year 6	To Balance b/d	7 907	11	7	Year 6	By Balance c/d	9 734	-	8
	" Cash	1,826	9	1					
		£9 734	-	8			£9 734	-	8
Year 7	To Balance b/d	9 734	-	8	Year 7	By Balance c/d	11 651	16	2
	" Cash	1 917	15	5					
		£11 651	16	2			£11 651	16	2
Year 8	To Balance b/d	11 651	16	2	Year 8	By Balance c/d	13 665	9	5
	" Cash	2,013	13	3					
		£13 665	9	5			£13 665	9	5
Year 9	To Balance b/d	13 665	9	5	Year 9	By Balance c/d	15,779	16	4
	" Cash	2 114	6	11					
		£15 779	16	4			£15,779	16	4
Year 10	To Balance b/d	15 779	16	4	Year 10	By Cash	18 000	-	-
	" Cash	2 220	3	8		(Realization of Investment)			
		£18 000	-	-			£18 000	-	-

Dr DEBENTURE REDEMPTION FUND ACCOUNT Cr.

Year 1	To Balance c/d	£	s	d	Year 1	By Appropriation A/c	£	s	d
		1 431	1	5			1 431	1	5
Year 2	To Balance c/d	2 933	13	11	Year 2	By Balance b/d	1 431	1	5
						" Interest	71	11	1
						" Appropriation A/c	1,431	1	5
		£2 933	13	11			£2 933	13	11
Year 3	To Balance c/d	4 511	9	1	Year 3	By Balance b/d	2,933	13	11
						" Interest	146	13	9
						" Appropriation A/c	1 431	1	5
		£4 511	9	1			£4 511	9	1
Year 4	To Balance c/d	6 168	2	-	Year 4	By Balance b/d	4 511	9	1
						" Interest	225	11	6
						" Appropriation A/c	1 431	1	5
		£6 168	2	-			£6 168	2	-
Year 5	To Balance c/d	7 907	11	7	Year 5	By Balance b/d	6 168	2	-
						" Interest	308	8	2
						" Appropriation A/c	1,431	1	5
		£7 907	11	7			£7 907	11	7

EXERCISE XV (E)—No 1 (contd)

Dr DEBENTURE REDEMPTION FUND ACCOUNT—(contd) Cr

Year		£			Year		£		
		9	s	d			9	s	d
Year 6	To Balance c/d	9 734	—	8	Year 6	By Balance b/d Interest Appropriation A/c	7 907 395 1 431	11 7 8	— — 5
		£9 734	—	8			£9 734	—	8
Year 7	To Balance c/d	11 651	16	2	Year 7	By Balance b/d Interest Appropriation A/c	9 734 486 1 431	8 14 1	— — 5
		£11 651	16	2			£11 651	16	2
Year 8	To Balance c/d	13 665	9	5	Year 8	By Balance b/d Interest Appropriation A/c	11 651 582 1 431	16 11 1	2 10 5
		£13 665	9	5			£13 665	9	5
Year 9	To Balance c/d	15 779	16	4	Year 9	By Balance b/d Interest Appropriation A/c	13 665 683 1 431	9 8 1	5 6 5
		£15 779	16	4			£15 779	16	4
Year 10	To Transfer to Capital Reserve	18 000	—	—	Year 10	By Balance b/d Interest Appropriation A/c	15 779 788 1 431	16 19 3	4 10 10
		£18 000	—	—			£18 000	—	—

EXERCISE XV (E)—No 2

JOURNAL

19		£			£	s	d
		10 500	—	—	10 500	—	—
	Profit and Loss Account To Appropriation Account Transfer of balance						
	Appropriation Account To Premium on Repayment of Debentures Premium on repayment now provided	500			500		
	Debentures Account Premium on Repayment of Debentures To Debenture holders Transfer of balances	10 000 500			10 500		
	Appropriation Account To Capital Reserve Account For transfer of amount of profit equal to debentures paid	10 000			10 000		
		£31 500	—	—	£31 500	—	—

EXERCISE XV (E)—No. 2 (contd)

CASH BOOK
(CREDIT SIDE)

19		£	s	d
	By Debenture-holders	10,500		

EXERCISE XV (E)—No. 3.

Dr				DEBENTURES ACCOUNT				Cr			
Year		£	s	d	Year		£	s	d		
Year 1	To Debentures Redeemed Account	1,875			Year 1	By Cash	14,250				
	" Balance c/d . . .	13,125				" Discount	750				
		£15,000					£15,000				
Year 2	To Deb. Redeemed A/c	1,875			Year 2	By Balance b/d . .	13,125				
	" Balance c/d . . .	11,250					£13,125				
		£13,125									
Year 3	To Deb. Redeemed A/c	1,875			Year 3	By Balance b/d	11,250				
	" Balance c/d . . .	9,375					£11,250				
		£11,250									
Year 4	To Deb. Redeemed A/c	1,875			Year 4	By Balance b/d	9,375				
	" Balance c/d . . .	7,500					£9,375				
		£9,375									
Year 5	To Deb. Redeemed A/c	1,875			Year 5	By Balance b/d	7,500				
	" Balance c/d . . .	5,625					£7,500				
		£7,500									
Year 6	To Deb. Redeemed A/c	1,875			Year 6	By Balance b/d . .	5,625				
	" Balance c/d . . .	3,750					£5,625				
		£5,625									
Year 7	To Deb. Redeemed A/c	1,875			Year 7	By Balance b/d . .	3,750				
	" Balance c/d . . .	1,875					£3,750				
		£3,750									
Year 8	To Deb. Redeemed A/c	1,875			Year 8	By Balance b/d	1,875				

Dr		DEBENTURES REDEEMED ACCOUNT				Cr			
Year 1	To Cash .	£	s	d	Year 1	By Debentures	£	s	d
		1,875					1,875		
Year 2	To Cash	£	s	d	Year 2	By Debentures	£	s	d
		1,875					1,875		

and so on for successive years.

EXERCISE XV (E) No 3 (contd)

Dr		CASH BOOK				Cr	
				Year 1	By Deb Redeemed A/c	£	s d
						1 875	- -

and so on for successive years

EXERCISE XV (E) No 4

Dr		DEBENTURES ACCOUNT				Cr	
19	To Cash	£	s	d	19	By Balance	£ s d
	Transfer to Cap Res	8 500					32 000
	Balance c/d	6 39	15	8			-
		27 860	4	4			
		£ 32 000				£ 32 000	-

Dr		CAPITAL RESERVE ACCOUNT				Cr	
				19	By Appropriation A/c	£	s d
					Debenture A/c	8 500	
						6 39	15 8

Dr		CASH ACCOUNT				Cr	
19	To Balance	£	s	d	19	By Debentures	£ s d
		18 000				(18 500 @ 93%)	8 500

Dr		APPROPRIATION ACCOUNT				Cr	
19	To Capital Reserve A/c	£	s	d	19	By Profit and Loss A/c	£ s d
		18 500					8 500

EXERCISE XV (E)—No 5

Dr		5% MORTGAGE DEBENTURES						Cr	
1940 Feb 28	To Cash		£	s	d	1939 Dec 31 1940 Feb 28	By Balance Debtore Redemption Fund		£ s d
			51,000	-	-				50 000 - -
									1 000 - -
			<u>£51,000</u>	-	-				<u>£51 000</u> - -

Dr		DEBENTURE REDEMPTION FUND						Cr	
1940 Feb 28	To Mortgage Debentures " Balance	c/d	£	s	d	1939 Dec 31 1940 Feb 28	By Balance " Funding Loan War Stock		£ s d
			1,000	-	-				52 100 - -
			55 760	-	-				4 040 - -
									520 - -
			<u>£56 760</u>	-	-				<u>£56 760</u> - -
						1940 Feb 28	" Balance	b/d	55 760 - -

DEBENTURE REDEMPTION FUND INVESTMENTS

Dr		£26 400 4% FUNDING LOAN						Cr	
1939 Dec 31 1940 Feb 28	To Balance Debtore Redemption Fund		£	s	d	1940 Feb 28	By Cash		£ s d
			25,000	-	-				29 040 - -
			4 040	-	-				
			<u>£29 040</u>	-	-				<u>£29 040</u> - -

Dr		£28,000 3½% WAR STOCK						Cr	
1939 Dec 31 1940 Feb 28	To Balance Debtore Redemption Fund		£	s	d	1940 Feb 28	By Cash		£ s d
			27,100	-	-				27,720 - -
			620	-	-				
			<u>£27 720</u>	-	-				<u>£27 720</u> - -

EXERCISE XV (E)—No 5 (contd)

Dr		DEBENTURE HOLDERS INTEREST ACCOUNT						Cr		
1940			£	s	d	1940		£	s	d
Feb 28	To Tax on £416					Feb 28	By 2 months	416	3	4
	13s 4d at		104	5	4		interest			
28	25		312	10						
	Cash		£416	13	4			£416	13	4

Dr		DEBENTURE INTEREST						Cr	
1940			£	s	d				
Feb 28	To 2 months nteres		416	13	4				

Dr		INCOME TAX ACCOUNT						Cr			
						1940 Feb 28	By Debenture Holders		£	s	d
									104	3	4

Dr		CASH ACCOUNT						Cr			
1940			£	s	d	1940			£	s	d
Feb 28	To Funding		29 040			Feb 28	By Debenture		51 100		
	Loan		27 720			28	Holders				
28	War Stock					28	Debenture		312	10	
						28	Holders		5 447	10	
							Balance	c/d			
			56 760						£56 760		
Mar 1	Balance	b/d	5 447	10							

EXERCISE XV (E)—No 6.

DI BLANCK'S ACCOUNT

	£	s	d	1937 Mar 31
To Balance brought down				
D/- Balance brought down				
Profit on cancellation of £2,000 Debentures transferred to Unimutua Reserve	1871	-	6	
Less accumulated interest	20	13	4	
Profit on cancellation of £2,000 Debentures transferred to Unimutua Reserve				
Less accumulated interest				
Total	1851	13	4	

DLBENIURE REDEMPTION RESERV.

1937	1937	1938	1938	£	s	d.
	Mar 31					
	May 1					
	Dec 31					
	Mar 31					
				By Balance brought down		
				" Profit on cancellation of £2,000 Debentures		
				" Profit on cancellation of £2,000 Debentures		
				" Profit and Loss Account		
				38,500	0	8
				64		
				145	13	4
				3,750		

DEBENTURE INTEREST

	£	s	d
To Bank, Interest on £2,000 Debentures cancelled		6	8
Bank, Interest on £5,000 Debentures for half year	1,375	-	-
" Bank, Interest on £2,000 Debentures cancelled	10	10	4
" Bank, Interest on £52,000 Debentures for half year	2,325	-	-

EXERCISE XV (E)—No 7

Dr 2000 7 PER CENT DEBENTURES OF £100 EACH Cr

			£	s	d				£	s	d
1934 June 30	To Cash		72 800			1920 June 30	By Cash		200 000		
30	1400 4½ per cent Debentures of £100 each		140 000				Debtenture Premium				
							£80 000 at 5 per cent		3 000		
							£140 000 at 7 per cent		9 800		
			£212 800						£212 800		

Dr DEBENTURE REDEMPTION FUND

Cr

			£	s	d				£	s	d
1934 June 30	To Debtenture Premium Account		12 800			1933 Dec 31	By Balance	b/d	108 200		
30	Balance	c/d	103 400			1934 June 30	Profit on Sale of Investments		7 700		
			£116 200						£116 200		
						1934 July 1	By Balance	b/d	103 400		

Dr DEBENTURE REDEMPTION FUND INVESTMENTS Cr

			£	s	d				£	s	d
1933 Dec 31	To Balance	b/d	108 200			1934 June 30	By Cash Sale of £51 000 for Balance		58 700		
1934 June 30	Profit on Sale of Investments taken to Debtenture Redemption Fund		7 700			30		c/d	57 200		
			£116 200						£116 200		
1934 July 1	To Balance	b/d	57 200								

Dr DEBENTURE PREMIUM ACCOUNT

Cr

			£	s	d				£	s	d
1934 June 30	To Debtenture Holders		3 000			1934 June 30	By Transfer to Debtenture Redemption Fund		12 800		
30	Debtenture Holders		9 800						£12 800		
			£12 800								

Dr 1400 4½ PER CENT DEBENTURES OF £100 EACH Cr

			£	s	d				£	s	d
1934 June 30	By 7 per cent Debtenture Holders		140 000								

EXERCISE XV (E)—No 8 (cont'd)

THE LUCIFER ELECTRICAL CO LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

C.

[illegible]

CAPITAL AND LIABILITIES	£	s.	d.
Nominal Capital—			
80 000 6% Preference Shares of £1 each	50 000	-	-
50 000 Ordinary Shares of £1 each	50 000	-	-
	100 000	-	-
Issued and Paid-up Capital—			
20 000 6% Preference Shares of £1 each 5/- paid up	5 000	-	-
40 000 Ordinary Shares of £1 each, fully paid	40 000	-	-
4% Debentures			
Debiture Interest accrued			
Reserve Account			
Sundry Creditors			
Outstanding Items—			
Purchases unpaid	400	-	-
Directors' Fees	1,000	-	-
Travellers' Commission	307	10	-
Preference Share Dividend	900	-	-
Debenture Redemption Account			
Profit and Loss Account—			
Not available for distribution			
	£74,808	10	-

THE ELDORADO CIGARETTE CO., LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 19..

	£	s	d	£	s	d	By Trading Account b/d	£	s	d	£	s	d.
To Rent :	-	-	-	-	-	-	.	620	-	-	-	-	6,063
" Gas and Electric Light :	182	-	-	-	-	-	.	34	-	-	-	-	4,236
Add Amount owing :	34	-	-	-	-	-	.	-	-	-	-	-	-
Rates and Taxes .	203	-	-	-	-	-	.	216	-	-	-	-	-
Less Amount paid in advance	34	-	-	-	-	-	.	-	-	-	-	-	-
Licence and Insurance	209	-	-	-	-	-	.	171	-	-	-	-	-
Less Insurance paid in advance	49	-	-	-	-	-	.	-	-	-	-	-	-
Trade Expenses :	-	-	-	-	-	-	.	160	-	-	-	-	-
" Interest and Discount :	-	-	-	-	-	-	.	508	-	-	-	-	-
" Bad Debts :	-	-	-	-	-	-	.	3 275	-	-	-	-	-
" Salaries :	1 587	-	-	-	-	-	.	247	-	-	-	-	-
Add Amount owing	40	-	-	-	-	-	.	-	-	-	-	-	-
Travellers' Salaries Com , etc	-	-	-	-	-	-	.	1 627	-	-	-	-	-
" Printing and Postage	-	-	-	-	-	-	.	1 479	-	-	-	-	-
" General Expenses	-	-	-	-	-	-	.	347	-	-	-	-	-
" Advertising and Samples	-	-	-	-	-	-	.	93	-	-	-	-	-
" Legal Expenses	-	-	-	-	-	-	.	904	-	-	-	-	-
" Audit Fee	-	-	-	-	-	-	.	53	-	-	-	-	-
" Bad Debts Reserve	609	-	-	-	-	-	.	105	-	-	-	-	-
(2½% of £24 360)	-	-	-	-	-	-	.	-	-	-	-	-	-
Less Old Reserve	542	-	-	-	-	-	.	-	-	-	-	-	-
Depreciation--	-	-	-	-	-	-	.	67	-	-	-	-	-
Piant and Machinery	342	-	-	-	-	-	.	-	-	-	-	-	-
(10% of £3 420)	-	-	-	-	-	-	.	-	-	-	-	-	-
Fixtures and Fittings	87	-	-	-	-	-	.	429	-	-	-	-	-
(7½% of £1,160)	-	-	-	-	-	-	.	-	-	-	-	-	-
								£	10 299	-	-	-	£ 10 299

EXERCISE XV (E)—No 9 (contd.)

THE TUDORADO CIGARETTE CO. LTD

BALANCE SHEET AS AT 31st MARCH 19

CAPITAL AND LIABILITIES		£		s	d	£		s	d	PROPERTY AND ASSETS		£		s	d	£		s	d
<i>Nominal Capital—</i>																			
500 Preference Shares of £10 each		5 000		—						Plant and Machinery		3 420		—					
25 000 Ordinary Shares of £1 each		25 000		—						Less Depreciation		342		—					
										Fixtures and Fittings		1 160		—					
		£ 30 000								Less Depreciation		87		—		3 078			
										Stock						1 073			
<i>Issued Capital—</i>										Sundry Debtors						16 455			
500 Preference Shares of £10 fully paid						5 000				(less Reserve of £609)						23 751			
22 179 Ordinary Shares of £1 each fully called		22 179								Cash in hand						1 056			
Less Calls in Arrears		32								Rates and Insurance paid in advance						81			
Sundry Creditors						22 147				Profit and Loss Account (Balance)						4 715			
Salaries Owing						22 970													
						92													
						£ 50 209										50 209			

EXERCISE XV (E) —No 10

Item	Side of Ledger	REASON
Bad Debts	Dr	Are losses to the business, being transfers of DEBITS on personal accounts
Cash	Dr	Receipts should, ordinarily, exceed payments, hence a Dr balance
Goodwill	Dr	Being a purchase for CASH, or other valuable consideration, is debited
Reserve Fund	Cr	Is represented by transfers from the CREDIT of the Profit and Loss Account

EXERCISE XV (E)—No 11

Gross Profit is generally, understood to be the amount by which the SELLING price exceeds the PURCHASE or MANUFACTURING cost of that which is sold

Net Profit is generally understood to be the amount by which the GROSS profit exceeds the selling distribution, and administration expenses

The advantages obtained by arriving at the GROSS profit periodically are—

- The management are assured that the cost is *less* than turnover
- If the profit is small it evidences the need of inquiry into price of material or as to whether the selling price is fixed on a fair basis
- If the profit is large it may prove need for adjustment of selling price to induce further trade as it does not necessarily follow that a large profit is a sign of good business Prices may be prohibitive of future custom
- Fluctuations in the gross profit point generally, to the varying cost, or consumption of material, wages etc., and indicate the need for inquiry into adjustment *re* cost and sale price accordingly

EXERCISE XV (E)—No 12

See form of Petty Cash Book on page 292 of *Advanced Accounts* and under Imprest System on page 16

EXERCISE XV (E)—No 13

JOURNAL

		£	s	d	£	s	d
19 Nov	2 Henry Jones To Goods	500			500		
	6 Bills Receivable To Henry Jones	500			500		
Dec	5 Bank Discount (5% on £500 for 2 mos) To Bills Receivable	49	16	8			
		4	3	4	500		
		£1 500			£1 500		

Note—Until date of maturity discounted Bills will be stated in the Balance Sheet as under—

Contingent Liability—	£	d
Bills under Discount	500	- -

EXERCISE XV (E)—No 14

(a) The amount of Capital stated in the Memorandum of Association. The item appears on the LIABILITIES side—entered short—of the Balance Sheet.

(b) Calls in Arrears are sums due from but not paid by the shareholders. The amount is shown as a deduction from issued and paid up Capital. The item appears on the LIABILITIES side of the Balance Sheet.

(c) Loans to Limited Companies secured by a mortgage on the property (or part of the property) of the Company. The item appears on the LIABILITIES side of the Balance Sheet.

(d) Preliminary Expenses are the direct expenses of a Company incidental to its formation registration incorporation etc. They are regarded as Capital Expenditure and appear on the ASSETS side of the Balance Sheet.

EXERCISE XV (E)—No 15

Dr. TRADING AND PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31st DECEMBER 19. Cr.

	£	s	d	£	s	d	£	s	d
To Purchases				49 000			70 000		
" Wages				15 000			6 000		
" Balance—Gross profit c/d				12 000					
				£ 76 000			£ 76 000		
To Debenture Interest				475			12 000		
" Income Tax				25					
" Office and General Repairs				1 500					
" Directors' Fees,				300					
" Discounts				200					
" Preliminary Expenses				500					
" Depreciation—									
Buildings	400								
Machinery	1,000								
				1,400					
" Balance, Net Profit				7,600					
				£ 12 000			£ 12 000		

EXERCISE XV (E)—No 15 (cont'd)

THE BRITISH MANUFACTURING CO LTD
BALANCE SHEET 31ST DECEMBER 19

BALANCE SHEET 31ST DECEMBER 19					
CAPITAL AND LIABILITIES			PROPERTY AND ASSETS		
	£	s	d	£	s
Share Capital	40 000	-	-	Buildings	19 600
8% Debenture Stock	10 000	-	-	Machinery	24 000
Creditors	1 500	-	-	Stock	6 000
Income Tax unpaid	25	-	-	Debtors	6 000
<i>Profit and Loss Account—</i>				Cash in hand	3 525
Balance 31st Dec	7 600	-	-		
	£ 59 125				£ 59 125

EXERCISE XV (E)—No 16

See answer at end of *Advanced Accounts*

EXERCISE XV (E)—No 17

EXERCISE XV (E)—No 17

Interest may be paid to shareholders during a non revenue earning period which interest may be capitalized and regarded as part of the cost of the Works under construction. The rate per cent must not exceed 6 per cent per annum. Payment of such interest is restricted to the close of the half year next after the half year during which the works have been actually completed. See also *Advanced Accounts* page 651 (under Interest on Capital paid out of Capital).

EXERCISE XV (E)—No 18

Although it is permissible to so dispose of the Reserve Fund it is not considered a correct procedure. Premiums on Shares are regarded as capital profits and should be reserved for use in writing down capital losses or for writing down intangible assets such as Goodwill. Preliminary Expenses etc

EXERCISE XV (E)—No 19

THE BRITISH
APPLICATION AND

No. of Application	NAME	ADDRESS	Occupation.	No of Shares Applied for	Amount Paid on Application
2	Jones, John	London		10 000	£ 1,250
3	George, D O	Flint		1 000	125
4	Flynn, Sir Wm.	Dublin		3 000	625
5	Wing, Henry	Dover		5,000	625
	Sundry Persons			40,000	5 000
				61,000	£7,625

EXERCISE XV (E)—No 20

SOLEIL
APPLICATION AND

No of Application	NAME	ADDRESS	Occupation	No of Shares Applied for	Amount Paid on Application
1	Rheid Robert	16 Finsbury Circus E C	Wool Broker	5 000	£ 1250
2	Dewey, George	241 Low Pavement Nottingham	Lace Manufacturer	1 000	250
3	Richmond Robert	Eastwood Essex	Rose Grower	2 000	500
4	Ventch Florence	The Manse, Loamtown	Spinster	100	25
				8 100	£2 025

EXERCISE XV (E)—No 21

BALANCE SHEET AS AT

CAPITAL AND LIABILITIES		£	s	d	£	s	d
<i>Nominal Capital—</i>							
200,000 5% Preference Shares of £1 each		200 000	—	—			
300,000 Ordinary Shares of £1 each		300 000	—	—			
		£500,000	—	—			
<i>Paid up Capital—</i>							
100 000 5% Preference Shares of £1 each		100 000	—	—			
200 000 Ordinary Shares of £1 each		200,000	—	—			
					300 000	—	—
First Mortgage Debentures					75 000	—	—
Mortgage on Freehold Land and Buildings (as contra)					20 000	—	—
Reserve Fund					20 000	—	—
County Bank for Overdraft					5 000	—	—
Trade Creditors					60 000	—	—
Profit and Loss Account (Balance)					15,000	—	—
					£495 000	—	—

AERODROM CO LTD

ALLOTMENTS BOOK (ORDINARY SHARES)

No of Shares Allotted	Distinctive Numbers.		S L Fo	Amount Due on Appl cat on and Allotment			Balance Due on Allotment			Cash Paid on Allotment			Cash Returned			No of Share Certificate	Remarks.
	From	To		£	s	d	£	s	d	£	s	d	£	s	d		
5 000 Nil	1	5 000		2 500			1 250			1 250						Letter of Regret No. 1	
1 000	5 001	6 000		500									1 250				
4 000	6 001	10 000		2 000			1 375			1 375							
40 000	10 001	50 000		20 000			15 000			15 000							
50 000			£	25 000			17 625			17 625			250				

D'OR LTD

ALLOTMENTS BOOK (SHARES)

No of Shares Allotted	Distinctive Numbers		S L Fo	Amount Due on Application and Allotment			Balance Due on Allotment			Cash Paid on Allotment			Cash Returned			No of Shares Certificate	Remarks.
	From	To		£	s	d	£	s	d	£	s	d	£	s	d		
5 000	1	5 000		2 500			1 250			1 250							
500	5 001	5 500		250			Nil										
2 000 Nil	5 501	7 500		1 000			500			500							
7 500				£3 750			£1 750			£1 750				25		Letter of Regret No 1	

30TH SEPTEMBER 19

PROPERTY AND ASSETS				£	s	d	£	s	d
Goodwill (at cost)							40 000		
Loose Plant and Tools (as valued by the Company's Manager)							35 000		
Patterns (as valued by the Company's Manager)							15 000		
Fixed Assets—									
Freehold Land, at cost							20 000		
Buildings at cost				39 000					
Additions at cost				2 000					
Less Depreciation				41 000					
				1 000			40 000		
Fixed Plant and Machinery value as taken over by the Company				140 000					
Additions, at cost				17 000					
Less Depreciation				157 000					
				7 000			150 000		
Floating Assets—									
Stock in Trade (as valued by the Company's Manager)							80 000		
Trade Debtors				110 000					
Less Bad Debts Reserve etc.				5 500			104 500		
Preliminary Expenses							10 500		
							£495 000		

EXERCISE XV (F)—No. 1.

Dr REDEEMABLE PREFERENCE SHARE CAPITAL ACCOUNT *Cr*

19 June 30	To Sundry Members Ac count	£ 50,000	19 June 30	By Balance	b/d	£ 50,000
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Dr PROFIT AND LOSS ACCOUNT *Cr*

19 June 30	To Sundry Members' Ac count— Premium on Redemption of Redeemable Preference Shares	£ 5,000	19 June 30	By Balance	b/d	£ 60,000
	Capital Redemption Reserve Fund	50,000				
	Balance	c/d 5,000				
		£60,000				£60,000
			19 July 1	By Balance	b/d	5,000

SUNDRY MEMBERS (REDEEMABLE PREFERENCE SHARES) ACCOUNT

Dr *Cr*

19 June 30	To Bank	£ 55,000	19 June 30	By Redeemable Preference Share Capital Account		£ 50,000
				Profit and Loss Account		
				Premium of 2s per Share on Redemption		5,000
		£55,000				£55,000

Dr CAPITAL REDEMPTION RESERVE FUND *Cr*

			19 June 30	By Profit and Loss Account Amount transferred in respect of redemption of Redeemable Preference Shares		£ 50,000
--	--	--	---------------	--	--	-------------

(SUMMARY) BALANCE SHEET AS AT 30TH JUNE 19.

<i>Liabilities</i>	£	<i>Assets</i>	£
Nominal Capital		Sundry Assets	200,000
Capital Issued and Subscribed—		Bank Balance (£85,000 - £55,000)	30,000
100,000 Ordinary Shares of £1 each			
fully paid	100,000		
50,000 Redeemable Preference Shares of £1 each,			
fully paid	£50,000		
Less Redeemed	50,000		
Capital Redemption Reserve Fund	50,000		
Sundry Creditors	75,000		
Profit and Loss Account	5,000		
	£230,000		£230,000

EXERCISE XV (F)—No 2

JOURNAL

	£	s	d	£	s	d
5% Redeemable Preference Share holders To 5% Redeemable Preference Share Capital Account Amount due on issue of 20 000 £1 5% Redeemable Preference Shares	20 000	—	—	20 000	—	—
Bank To 5% Redeemable Preference Shareholders Amount received on issue of 20 000 £1 5% Redeemable Preference Shares	20 000	—	—	20 000	—	—
6% Redeemable Preference Share Capital Account To 6% Redeemable Preference Shareholders Transfer of share capital redeemable	50 000	—	—	50 000	—	—
6% Redeemable Preference Share Premium Account To 6% Redeemable Preference Shareholders 5% premium on redemption of 50 000 £1 6% Redeemable Preference Shares	2 500	—	—	2 500	—	—
Profit and Loss Appropriation Account To Capital Redemption Reserve Fund Profit set aside to meet requirements of Sect 64 of the Companies Act 1929	32 500	—	—	32 500	—	—
Capital Redemption Reserve Fund (or Profit and Loss Appropriation Account) To 6% Redeemable Preference Share Premium Account Writing off of premium	2 500	—	—	2 500	—	—
	£127 500	—	—	£127 500	—	—

EXERCISE XV (F)—No 3.

6% REDEEMABLE PREFERENCE SHARE CAPITAL ACCOUNT

Dr				Cr			
19 Sept 1	To Members' Account	£ 200,000	19 Sept 1	By Balance	£ 200,000		

Dr				MEMBERS ACCOUNT				Cr			
19 Sept 1	To Cash	£ 200,000	19 Sept 1	By 6% Redeemable Preference Share Capital Account	£ 200,000						

Dr				BANK ACCOUNT				Cr			
19 Sept 1	To Application and Allotment incldg Premium	£ 112,500	19 Sept 1	By Members Account	£ 200,000						

Dr				CAPITAL REDEMPTION RESERVE FUND ACCOUNT				Cr			
			19 Sept 1	By General Reserve Fund	£ 87,500*						

Dr				GENERAL RESERVE ACCOUNT				Cr			
19 Sept 1	To Capital Redeemed Reserve Account Balance	£ 87,500	19 Sept 1	By Balance	£ 125,000						
		37,500									
		£125,000									
			19 Sept 1	By Balance	£ 37,500						

Dr				5% PREFERENCE SHARE CAPITAL ACCOUNT				Cr			
			19 Sept 1	By Application and Allotment	£ 75,000						

Dr				APPLICATION AND ALLOTMENT ACCOUNT				Cr			
19 Sept 1	To 5% Preference Share Capital Premium on Shares Account	£ 75,000	19 Sept 1	By Bank Account	£ 112,500						
		37,500									
		£112,500									

Dr				PREMIUM ON SHARES ACCOUNT				Cr			
			19 Sept 1	By Application and Allotment Account	£ 37,500						

* Nominal Value of Shares Redeemed £200,000
 Less Cash for New Shares (including Premium) 112,500
 £87,500

SE XV (F)—No 5
BALANCE SHEET OF BROWN, JONES & SMITH
AS AT 31ST MARCH 1937

AS AT 31st MARCH 1957												
LIABILITIES AND CAPITAL						ASSETS						
	£	s	d	£	s	d			£	s	d	
Creditors				1 817	-	-	Cash	-		1 396	-	-
Andrews Loan Account				5 450	-	-	Debtors			3 721	-	-
Capital Accounts—							Stock			5 600	-	-
Brown	8,990	-	-				Fixed Assets	-	-	9 600	-	-
Jones	7 260	-	-				Goodwill	-	-	4 700	-	-
Smith	2,000	-	-									
				17,650	-	-						
				£25 017	-	-				£25 017	-	-

Dr	REPAIRS EQUALIZATION RESERVE ACCOUNT		Cr
----	--------------------------------------	--	----

D _r REPAIRS EQUALIZATION RESERVE ACCOUNT											
Year			£	s	d	Year			£	s	d.
	To Repairs Account Balance	c/d	76	8	-	1	By Profit and Loss Account		150	-	-
			73	12	-				£150	-	-
			£150	-	-						
"	To Repairs Account		250	-	-	2	By Balance b/d		73	12	-
							Profit and Loss Account c/d		150	-	-
							Balance		28	8	-
			£250	-	-				£250	-	-
									150	-	-
	To Balance b/d		26	8	-	3	By Profit and Loss Account				
	Balance c/d		123	12	-				£150	-	-
			£150	-	-						
	To Repairs Account		84	12	-	4	By Balance b/d		123	12	-
	Balance c/d		189	-	-		Profit and Loss Account		150	-	-
									£273	12	-
			£273	12	-						
						5	By Balance b/d		189	-	-

EXERCISE XV (F)—No 8

<i>Dr</i>		GOODWILL		<i>Cr</i>		1
19 June 30	To Balance	b/d	<u>£ 1 000</u>	19 June 30	By Dissolution Account	13 <u>£ 1 000</u>

<i>Dr</i>		OFFICE FURNITURE		<i>Cr</i>		2
19 June 30	To Balance	b/d	<u>£ 219</u>	19 June 30	By Dissolution Account	13 <u>£ 219</u>

<i>Dr</i>		SUNDRY DEBTORS		<i>Cr</i>		3
19 June 30	To Balance	b/d	<u>£ 1 403</u>	19 June 30	By Dissolution Account	13 <u>£ 1 403</u>

<i>Dr</i>		WORK IN PROGRESS		<i>Cr</i>		4
19 June 30	To Balance	b/d	<u>£ 1 462</u>	19 June 30	By Dissolution Account	13 <u>£ 1 462</u>

<i>Dr</i>		CASH ACCOUNT		<i>Cr</i>		5
19 June 30	To Balance	b/d	<u>£ 919</u>	19 June 30	By Sundry Creditors	1 <u>£ 190</u>
	Fowler—				Munday—	
	Capital Account	11	64		Capital Account	7 <u>180</u>
			<u>£ 983</u>		Jones—	
					Capital Account	9 <u>609</u>
						<u>£ 983</u>

<i>Dr</i>		SUNDRY CREDITORS		<i>Cr</i>		6
19 June 30	To Cash	5	<u>£ 190</u>	19 June 30	By Balance	b/d <u>£ 192</u>

<i>Dr</i>		MUNDAY CAPITAL ACCOUNT		<i>Cr</i>		7
19 June 30	To Halt Goodwill	13	<u>£ 2 058</u>	19 June 30	By Balance	b/d <u>£ 1 500</u>
	Furniture	13	219		Current Account	8 <u>721</u>
	Debtors	13	660		Share of Profit on	
	Work in Progress	13	842		Dissolution	13 <u>1 740</u>
	Cash	5	180			
			<u>£ 3 961</u>			<u>£ 3 961</u>

<i>Dr</i>		MUNDAY CURRENT ACCOUNT		<i>Cr</i>		8
19 June 30	To Capital Account	7	<u>£ 721</u>	19 June 30	By Balance	b/d <u>£ 721</u>

EXERCISE XV (2)—No. 8 (contd.)

Dr JONES, CAPITAL ACCOUNT Cr 9

19 June 30	To Quarter Goodwill	13	£ 1 029	19 June 30	By Balance	10	£ 1 500
	Debtors	13	472		Current Account	10	295
	Work in Progress	13	931		Share of Profit on Dissolution	13	1 305
	Cash	5	609				
			£3,041				£3,041

Dr JONES, CURRENT ACCOUNT Cr 10

19 June 30	To Capital Account	9	£ 236	19 June 30	By Balance	b/d	£ 236
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Dr FOWLER, CAPITAL ACCOUNT Cr 11

19 June 30	To Quarter Goodwill	13	£ 1 029	19 June 30	By Balance	b/d	£ 500
	Debtors	13	221		Current Account	12	354
	Work in Progress	13	538		Share of Profit on Dissolution	13	879
			£1,788		Cash	5	64
							£1,788

Dr FOWLER, CURRENT ACCOUNT Cr 12

19 June 30	To Capital Account	11	£ 354	19 June 30	By Balance	b/d	£ 354
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Dr DISSOLUTION ACCOUNT Cr 13

19 June 30	To Goodwill	1	£ 1,600	19 June 30	By Munday—		£
	Office Furniture	2	219		Half of Goodwill	7	2008
	Sundry Debtors	3	1 403		Jones—		
	Work in Progress	4	1 482		Quarter of Good will		1,029
	Profit on Dissolution				Fowler—		
	Munday	7	1,740		Quarter of Good will	11	1 029
	Jones	9	1 305		Munday—		
	Fowler	11	870		Office Furniture	7	219
					Munday—		
					Debtors	7	600
					Jones—		
					Debtors	9	472
					Fowler—		
					Debtors	11	221
					Munday—		
					Work in Progress	7	842
					Jones—		
					Work in Progress	9	931
					Fowler—		
					Work in Progress	11	538
			£7,999				£7,999

EXERCISE XV (F)—No 9

FARNDALL & MACLEOD LTD

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

Cr

Dr	£	s	d	£	s	d	£	s	d
To Stock 1st Ja			3 560						40 700
Purchase			21 049						4 174
* Carriage Inwards									
Wages	10 747	500							
Add Wages due			11 47						
			8 944						
Balance Gross Profit c/d				£	44 874				44 874
To Bad Debts			272						8 944
Salaries			1 020						31
Carriage Outwards			119						327
Insurance	87								
* Less Amount repaid	12								
Postages and Telegrams			75						
Rates Taxes etc			43						
Office Wages			48						
Alerting			38						
Repairs to Plant and Machinery			58						
Depreciation			61						
Debiture Interest (4 yr to 30th June less Tax)	141	5							
Add Debiture Interest accrued (4 year to 31st Dec less Tax)	141	5							
			2 474	15					
Drectors Fees			282	10					
Advertising (5 of 500 written off)			200						
D'sunt Reserve on Debtors			200						
(24% of £11 850 £125)			288	2	6				
Bad Debts Reserve (amount provided)			125						
D'sunt Reserve—									
(5% of £65)	3								
Plant and Machinery	965								
Leasehold Premises (1% of £30 500)	305								
			873	5					
			2 339	12	6				
Balance Net Profit						£	30	5	£
									£9 302 5

15% of £11 000 plus 4% of £100 for 4 year

EXERCISE XV (F)—No. 9 (contd.)

FARNDALE & MACLEOD, LTD

BALANCE SHEET AS AT 31ST DECEMBER 19 .

CAPITAL AND LIABILITIES		£	s	d	£	s	d	PROPERTY AND ASSETS		£	s	d	£	s	d
<i>Nominal Capital—</i>		75 000	—	—				Leasehold Premises		30 500	—	—			
75,000 Shares of £1 each								Less Depreciation		305	—	—	30,195	—	—
<i>Issued Capital—</i>								Plant and Machinery		11,600	—	—			
75 000 Shares of £1 each 15/- called		56 250	—	—				Less Depreciation		565	—	—	11,035	—	—
Less 500 Shares Forfeited.		375	—	—				Office Furniture		65	—	—			
Less Calls in Arrears		55 875	—	—				Less Depreciation		3	5	—	61 15	—	—
75								Advertising Places		600	—	—			
Less Debentures—					55,800	—	—	Less written off		200	—	—			
500 Bonds of £10 each					5 000	—	—	Goodwill				—	400	—	—
Debenture Interest accrued					141	5	—	Stock				—	10,000	—	—
Forfeited Shares Account					100	—	—	Sundry Debtors				—	4,174	—	—
Reserve Fund					2 000	—	—	Less Bad Debts Reserve		11,650	—	—			
Bank Overdraft					125	—	—	.. Discount Reserve				—			
Sundry Creditors		1 250	—	—				£115				—			
Less Discount Reserve		31	5	—				£288 2/6		413	2	6			
Wages Outstanding					1 218	15	—	Cash in hand				—	11,236	17	8
Profit and Loss Account—					500	—	—	Insurance prepaid				—	10	—	—
Current Year's Profit		2 339	12	6								—	12	—	—
Less Loss from previous year		100	—	—								—			
					2 239	12	6					—			
												—			
					£67 124	12	6					—	£67,124	12	6

EXERCISE XV (F)—No 10

REALIZATION ACCOUNT

<i>Dr</i>		<i>Cr</i>			
			£	s	d
19	To Sundry Assets	19	By <i>B—</i> North Kensington Debtors Furniture	2 682 12s	—
				2 807	—
			<i>C—</i> South Kensington Debtors	2 087	—
				£4 894	—
					—

PROFIT AND LOSS ADJUSTMENT ACCOUNT

Dr.

PROFIT AND LOSS ACCOUNT									
Dr.									
19									
To Interest Account—									
A 5% of £2,500 for 1 yr									
B, 5% of £1,500 for 1 yr									
C, 5% of £1,200 for 1 yr									
To Balance, Net Profit—									
A's Share									
B's									
C's									
By Balance									
19									
£ s d.									
3,460 - -									
£3 460 - -									

CASH ACCOUNT

Dr.

CASH ACCOUNT										Cr					
Dr		£		s		d		19		£		s		d	
19..	To Balance	-													
			1,500	-											

EXERCISE XV (F)—No. II.

APPLICATION AND ALLOT

No. of Application	Date of Application	NAME	ADDRESS	Occupation	No of Shares Applied for	Amount Paid on Application	£	s	d
1	19 Jan	2 Lucas, Thomas O	62 Cold Harbour Lane, Bedford	Baker	2,500	625	625	0	0
2		2 Allen, Percy F	Park Gates Mansion, Framley	Gentleman	10,000	2,500	2,500	0	0
3		3 Simpson, Albert R.	64 High Road, Burnham	Clerk	100	30	30	0	0
4		3 Roberts George T	24 Keble St. Tooting Graveney, S.W	Barrister	1,800	450	450	0	0
5		4 Peters Henry	84 High Street, Merton, London	Butcher	4,500	1,125	1,125	0	0
6		4 Greenham, Arthur O	Leethorpe Road Cardiff	Coal Merchant	5,000	1,250	1,250	0	0
7		5 Smithers, James	Park Farm, Brimsley	Farmer	3,500	875	875	0	0
8		5 Thompson Edward E	2 Shingle Street Burton	Brewer	1,600	400	400	0	0
9		6 Martin Frederick P	168 Tonge Road Healey	Clerk	2,500	625	625	0	0
10		6 Short, Samuel	72 Moreton Road, Procadilly, W	Stockbroker	150	37 10	37	10	0
11		7 Ruthven, Philip J	29 Lake Street Bashton	Grocer	2,000	500	500	0	0
12		8 Barnard Rufus O	15 Lytton Magnons Thornton Heath	Major	5,500	1,375	1,375	0	0
						39,170	9,792	10	0

SHAREHOLDERS' CASH

Date	Receipts	S.L. Fo	Amount	Date	Payments	S.L. Fo	Amount	£	s	d
19 Jan	2 To Application Account—			19 Jan	10 By Application Account—					
2	Lucas, T. O		625	15	Simpson A. R.		30	30	0	0
2	Allen, P. F.		2,500	15	Short S.		37 10	37	10	0
3	Simpson, A. R.		30	15	Balance	q/c	9,725	9,725	0	0
3	Roberts, G. T.		450							
4	Peters H.		1,125							
4	Greenham, A. O.		1,250							
5	Smithers J.		875							
5	Thompson E. R.		400							
6	Martin F.		625							
6	Short, S.		37 10							
7	Ruthven P. J.		500							
8	Barnard, R. O.		1,375							
			9,792 10				9,792 10	9,792	10	0

MENTS BOOK (PREFERENCE SHARES)

No of Shares Allotted	Distinctive Numbers.		S L Fo	Amount Due on Application and Allotment			Balance Due on Allotment			Amount Paid on Allotment			Cash Returned			No of Share Certificate	Remarks
	From	To		£	s	d	£	s	d	£	s	d	£	s	d		
2 000	50 001	52 000		1 000	-	-	375	-	-	375	-	-					Letter of Regret No 3
6 000 Nil	52 001	58 000		3 000	-	-	500	-	-	500	-	-	30	-	-		
1 500	58 001	59 500		750	-	-	900	-	-	300	-	-					
5 500	59 501	63 000		1 750	-	-	625	-	-	625	-	-					
4 000	63 001	67 000		2 000	-	-	750	-	-	750	-	-					
3 000	67 001	70 000		1 500	-	-	625	-	-	625	-	-					Letter of Regret No 4
1 500	70 001	71 500		750	-	-	350	-	-	350	-	-					
2 000 Nil	71 501	73 500		1 000	-	-	375	-	-	375	-	-	37	10	-		
1 500	73 501	75 000		750	-	-	250	-	-	250	-	-					
5 000	75 001	80 000		2 500	-	-	1 125	-	-	1 125	-	-					
30 000			£	15 000	-	-	£5 275	-	-	£5 275	-	-	£67	10	-		

BOOK (PREFERENCE SHARES)

Date	Receipts.	S L Fo	Amount	Date	Payments	S L Fo	Amount
19 Jan 15	To Balance	b/d	£ 9 725	19 Jan 20	By Transfer to General Cash Book		£ 15 000
" 20	Allotment Account—						
	Lucas T O		775				
	Allen P F		500				
	Roberts G T		300				
	Peters H		625				
	Greenham, A O		750				
	Smithers J		625				
	Thompson E E.		350				
	Martin F		375				
	Ruthven P J		250				
	Barnard R O		1 125				
			£ 15 000				£ 15 000

EXERCISE XV (F)—No 12

CALL BOOK

First Call of 5s per share made

SL Fo	NAME	ADDRESS	No of Shares Held	Amount Due
	Barnard, R O	15 Lipton Mansions, Thornton Heath	5,000	£ 1,250
	Ruthven P J	29 Lake Street, Bashton	1,500	375
	Martin, F P	169 Tonge Road, Kealey	2,000	500
	Thompson, E E	72 Shingle Street, Burton	1,500	375
	Smithers, J	Park Farm Brimsley	3,000	750
	Greenham A O	Leethorpe Road, Cardiff	4,000	1,000
	Peters H	84 High Street, Merton, S W	3,500	875
	Allen, O F	Park Gates Mansion, Framley	6,000	1,500
	Lucas T O	62 Cold Harbour Lane, Bedford	2,000	500
	Roberts, G T	24 Keble Street, Tooting Graveney	1,500	375
			30,000	£7,500

PREFERENCE SHARES

May 5th and payable by May 20th

Amount Paid	ARREARS			Calls Paid in Advance	Remarks
	Amount	Days	Interest		
£ 1 250 375 250 750 750 500 875 1 500 500 Nil	£ 250 500 375	 31 31 31	 1 1 5 2 2 6 1 11 10	 375	 Paid June 20th Subject to 5% Interest Paid June 20th Forfeited June 25th
£6 750	£1 125		14 15 7	£375	

SHAREHOLDERS CASH BOOK

(PREFERENCE SHARES)

Date	Receipts	For	Amount	Date	Payments	For	Amount
19 May	To First Call Account— Barnard R O Ruthven P J Martin F P Thompson E E Smithers J Greenham A O Peterson H Allen P F Lucas T O		£ 1 250 375 250 75 750 500 875 1 500 500 £6 750	19 May	By Transfer to General Cash Book		£ 6 750
June 20	To First Call Account— Martin F P Greenham A O Interest Account— Martin F P Greenham A O		 250 500 2 2 6 1 1 3 £753 3 9	June 20	By Transfer to General Cash Book		 753 3 9 £753 3 9

EXERCISE XV (F) — No 13.

REGISTER OF TRANSFERS

No. of Transfer	Date Transfer Registered	TRANSFERORS					
		S. L. Fo	NAME	ADDRESS	Occupation	S. L. Fo	NAME
1	19 June 23		Lake R T	16 Bradford Road, Leeds	Solicitor		Locksley N P
2	July 13		Lake, R T	16 Bradford Road, Leeds	Solicitor		
3	Aug 2						Bullen F T
4	Sept 18						Finchley Arthur
5	Nov 18		Silverlock, J P	Clerk Park, Wintorpe	Gentleman		Penwith Robt T
6	Dec 12						

FERS (ORDINARY SHARES)

TRANSFERREES		SHARES TRANSFERRED				No of New Certificate	Remarks
ADDRESS	Occupation	No of Shares	Distinctive Numbers		Amount Paid up		
			From	To			
125 Coldthorpe Ave Brixton	Surveyor	200	1	200	£ 150	s	d
		500	201	700	37s	1	
12 Luke Street Bexley	Solicitor	1 000	24 501	25 500	7s6	-	
		300	25 501	25 800	2s	-	
11 Jupiter Street Yeovil	Solicitor	500	25 801	26 300	37s	1	
11 Tower Street Bermondsey	Leather Merchant	500	26 301	26 800	37s	1	

EXERCISE XV (F)—No 14

JOURNAL

		£	s	d	£	s	d
19							
Jan 31	Stock	50,000	-	-			
	Sundry Debtors	40,000	-	-			
	Cash at Bank	5,000	-	-			
	Fixtures etc	2,000	-	-			
	Leasehold Premises	3,000	-	-			
	Goodwill	12,000	-	-			
	To Sundry Creditors				12,000	-	-
	.. Vendors' Account				100,000	-	-
		£112,000			£112,000		

Dr

BANK ACCOUNT

Cr

		£	s	d		£	s	d
19	To Balance	5,000	-	-	19	By Vendor	100,000	-
	.. Shareholders	50,000	-	-		.. Balance c/d	5,000	-
	.. Debenture holders	50,000	-	-				
		£105,000					£105,000	

Dr

VENDORS ACCOUNT

Cr

		£	s	d		£	s	d
19	To Cash	100,000	-	-	19	By Sundries	100,000	-

EXERCISE XV (F) No 14 (con d)

Dr SUNDRY SHAREHOLDERS Cr

19	To Share Capital	£	50 000	s	d	19	By Cash	£	50 000	s	d
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Dr DEBENTURE HOLDERS Cr

19	To Debentures	£	50 000	s	d	19	By Cash	£	50 000	s	d
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Dr SHARE CAPITAL ACCOUNT Cr

						19	By Shareholders	£	50 000	s	d
--	--	--	--	--	--	----	-----------------	---	--------	---	---

Dr DEBENTURES Cr

						19	By Debenture holders	£	50 000	s	d
--	--	--	--	--	--	----	----------------------	---	--------	---	---

TRIAL BALANCE

	£	s	d	£	s	d
Bank Account	5 000					
Stock	50 000					
Sundry Debtors	40 000					
Fixtures etc	2 000					
Leasehold Premises	3 000					
Goodwill	12 000					
Sundry Creditors				12 000		-
Share Capital Account				50 000		-
Debentures				50 000		-
	£112 000			£112 000		

EXERCISE XV (F)~No 15

CONVERTED RANGOON TRIAL BALANCE

	Rate of Ex- change						
		£	s	d	£	s	d
Cash at Bank		12,358	3	1			
Cash in hand		1,284	12	8			
London Account					17,938	1	10
General Reserves					5,018	19	10
Stocks	All	21,839	13	7			
Advances to Natives	at	15,000	-	-			
Buildings, etc	1/4	3 085	7	8			
Sundry Debtors		5 864	5	1			
Payments in Advance		200	-	-			
Reserve for Bad Debts					173	6	8
Sundry Creditors					36 541	13	9
		£ 59 632	2	1	59 632	2	1

HEAD OFFICE TRIAL BALANCE (ADJUSTED)

	£	s	d	£	s	d
Bills Receivable	2 000	-	-			
Investments	14 000	-	-			
Stocks	600					
Sundry Debtors	3 000					
Payments in Advance	500					
Properties	25 000	-	-			
Profit and Loss (Balance)	21 200					
Rangoon Account	17 938	1	10			
Goods in Transit Account	821	18	2			
Cash at Bank	3 500					
Cash	40	-	-			
Share Capital				70 000		-
Bills Payable				5 500		-
General Reserves				8 000	-	-
Reserve for Debtors				100	-	-
Sundry Creditors				5,000		-
	£ 88,600	-	-	88 600		-

THE EASTERN CO. LTD

BALANCE SHEET AS AT 31ST DECEMBER 19

CAPITAL AND LIABILITIES	£	s	d	£	s	d	PROPERTY AND ASSETS	£	s	d	£	s	d
<i>Nominal Capital—</i> 70 000 Shares of £1 each	70 000						<i>Properties Built up Plant etc</i> Rangoon London	3 085 25 000		7 8			
<i>Issued Capital—</i> 70 000 Shares of £1 each fully paid				70 000			Stock— Rangoon London	21 839 600	13 7		28 085	7 8	
<i>General Reserves—</i> Rangoon Branch London	5 018 8 000	19 10		13 018 5 500	19 10		Good on Transf <i>Sundry Debtors—</i> Rangoon London	5 864 3 000	5 1		27 439 821 18	13 7 2	
<i>Balances payable</i> <i>Sundry Creditors—</i> Rangoon Branch London	36 41 5 000	13 9		41 541	13 9		<i>Less Bad Debts Reserve—</i> Rangoon London	8 864 —	5 1				
							Advances to Natives Payments in Advance Investments Bills Receivable Bank Cash	233 — — — 15 858 1 324	6 8 — — — 3 1 12 8		8 630 15 000 700 14 000 2 000	18 5 — — — —	
							Profit and Loss Account (London)				17 182 21 200	15 9 —	
				£130 060	13 7						£130 060	13 7	

EXERCISE XV (F)—No 16 (contd)

THE CALL MANUFACTURING CO LTD

TRADING AND PROFIT AND LOSS ACCOUNT (contd)

Dr FOR THE YEAR ENDED 31ST DECEMBER 19 Cr

	£	s	d		£	s	d		£	s	d
To Rates Taxes and Insurance	472	10	7								
Less amt prepaid	5	10	6								
					467		1				
By Trading Account											
Gross Profit b/d									2	53	19
Rent sub let									2		
Transfer Fees										2	6
Discount									14	7	3
Bal. Net Loss									4	17	5
Office and Management Salaries					1	99	10	6			
Office Expenses					2	17	14	11			
Carriage Outwards					3	14		11			
Lighting & Heating					7	4	16	1			
Audit Fees and Legal Expenses					1	24	4	9			
Travelling Expenses					9		4	11			
Repairs					8	9	14	9			
Provision for Bad Debts Reserve	4	30	17	3							
Less Bal. 1st Jan	3	15	9	4							
					1	15	7	11			
Depreciation on—											
Plant and Mach (10% of £194 13s 4d)	1	94	5	4							
Furniture and Fittings (5% of £134 6s 8d)	6	14	4								
					0	0	19	8			
					£	2	99	14	6		
									£	992	14
										6	

THE CALL MANUFACTURING CO LTD

BALANCE SHEET AS AT 31ST DECEMBER 19

	£	s	d		£	s	d		£	s	d
CAPITAL AND LIABILITIES											
Residual Capital											
10 000 Ordinary Shares of £1 each	20	000							3	200	
Residual Capital											
10 000 Ordinary Shares of £1 each fully called					16	000					
Less Calls in Arrear					2	50					
					13	750					
Bills Payable					9	84					
Sundry Creditors					3	410	5	9			
PROPERTY AND ASSETS											
Freehold Premises											
Plant & Machinery	1	84	13	4							
Less Depreciation	1	94	5	4							
									1	748	8
Furniture & Fittings	1	34	6	8							
Less Depreciation	6	14	4								
									1	27	12
Goodwill									7	000	
Stock									4	40	1
Sundry Debtors	8	617	5								
Less Debtors Reserve	4	30	17	3							
									8	186	7
Cash at Bank	2	40	9	10							
Cash in Hand	3	4									
									2	49	13
Rent Sub-let									2		
Insurance prepaid									5	10	6
Balance of Profit & Loss Account									2	00	
					£	20	144	13	10		

EXERCISE XV (F)—No 17.

The invoices for drums received will be recorded in an analysed Purchase Day Book, containing a money column and a number column for drums bought. The individual invoice totals should be posted to the credit of the accounts of the respective suppliers, and the total of the drums column to the debit of the Drums Account. On the issue of drums the charge therefor should be included in the invoice and entered in the Sales Day Book having two analysis columns in addition to the regular ones. These two columns should be used to analyse the charge for goods and for drums and provision should be made for a column giving facilities for ascertaining the total number of drums issued. The Returns Inwards Book should be analysed in the same way as the Sales Day Book. The respective drums columns totals in these two books should be posted to the credit and debit of the Drums Account. This Account would then appear as follows—

DRUMS ACCOUNT

Dr

Cr

	No. of Drums	Price	Value		No. of Drums	Price	Value
19. 1				19. 1			
Jan 1				Jan 1			
				June 30			
June 30							

It will be necessary at balancing time to adjust the sundry debtors to their net value for goods sold by debiting the Drums Account with the drums in their hands at 6s each carrying down the £800 and deducting this figure from the gross debtors in the Balance Sheet. The value of the drums in the hands of debtors must then be taken into the Drums Account as stock at a valuation and their value shown in the Balance Sheet as stock of drums in the hands of customers.

EXERCISE XV (G)—No 1

JOURNAL

	£	s	d	£	s	d
Business Purchase Account To Vendor Purchase price of business	20 000			20 000		
Freehold Property	5 500					
Plant and Machinery	2 000					
Stock	7 000					
Office Furniture	200					
A Arnold	450					
N Norman	550					
Goodwill	5 550					
To Business Purchase Account Being sundry assets taken over				21 250		
Business Purchase Account To K Kirkdale N Norton Being creditors taken over	1 200			700		
				500		
Business Purchase Account To Bad Debts Reserve Reserve for bad debts created	50			50		
Vendor To Ordinary Share Capital A/c Preference Share Capital A/c Bank Being shares and cash paid in dis- charge of purchase price	20 000			10 000		
				5 000		
				5 000		
	£62 500			£62 500		

EXERCISE XV (G)—No 2

JOURNAL

	£	s	d	£	s	d
Business Purchase Account	40,000					
To Liquidator of old company				40 000		
Agreed price of business as per contract dated						
Liquidator of old company	40,000					
To Ordinary Share Capital Account				40,000		
40 000 fully paid £1 shares issued in satisfaction of purchase price of business as per contract dated						
Business Purchase Account	28,107					
To Sundry Creditors				24,725		
To Reserve for Bad Debts				1,382		
Creditors taken over and bad debts reserve of old company continued						
Patents and Trade Mark	6,003					
Plant and Machinery	21,674					
Stock	15,306					
Sundry Debtors	23,124					
To Business Purchase Account				66,107		
Transfer of assets acquired under contract dated						
	£172,214			£172,214		

No 3
TRADING AND PROFIT AND LOSS ACCOUNTS OF GEORGE RIDLEY LTD

FOR THE YEAR ENDED 31ST MARCH 1937

[illegible]

EXERCISE XV (G)—No. 3 (cont'd)

BALANCE SHEET OF GEORGE RIDLEY, LTD AS AT 31st MARCH, 1937

CAPITAL AND LIABILITIES		£	s	d	£	s	d	ASSETS		p.	d	l	s	d
Authorized Capital— 50,000 Ordinary Shares of £1 each					50 000	-	-	Business Premises at cost <i>Less Depreciation</i>	" "	10 000 575	-	10 000	-	-
Issued Capital— 35,000 Ordinary Shares of £1 each, fully paid					35 000	-	-	Motor Lorries at cost <i>Less Depreciation</i>	" "	2 200 348	-	9 125	-	-
Trade Creditors					4,315	-	-	Office Fittings at cost <i>Less Depreciation</i>	" "	1 300 52	-	1 680	-	-
Reserves for— Travellers' Commission Repairs " " Office Expenses " " Directors' Fees	120 72 16 200	-	-	-		-	-	Stock in Trade <i>Bills Receivable</i> Sundry Debtors <i>Less Reserve for Bad Debts</i>	" "	8 200 410	-	1 248 9 600 1 200	-	-
Profit and Loss Account Balance					408 5,355	-	-	Cash at Bank Cash in hand	" "	2 284 52	-	7 790	-	-
						-	-	Insurance paid in advance Goodwill at cost <i>Less Amount written off</i>	" "	2 256 752	-	2,316 35	-	-
						-	-	Preliminary Expenses at cost <i>Less Amount written off</i>	" "	800 400	-	1,504	-	-
						-	-					400	-	-
						-	-						£45 078	-

EXERCISE XV (G) No 4

ORDINARY SHARE CAPITAL ACCOUNT

Dr	£	s	d	By Balance	£	s	d	Cr
	62 500				100 000			
To Capital Reduction Account— Reduction of 100 000 shares from £1 to 7s 6d								

PREFERENCE SHARE CAPITAL ACCOUNT

Dr	£	s	d	By Balance	£	s	d	Cr
	12 500				50 000			
To Capital Reduction Account— Reduction of 50 000 shares from £1 to 15s								

CAPITAL REDUCTION ACCOUNT

Dr	£	s	d	By Ordinary Share Capital Account	£	s	d	Cr
	6 000				62 500			
To Information Expenses	64 000			Preference Share Capital Account	12 500			
Profit and Loss Account	5 000				75 000			
Stock in Trade	75 000							

FORMATION EXPENSES

Dr	£	s	d	By Capital Reduction Account	£	s	d	Cr
	6 000				6 000			
To Balance								

EXERCISE XV (C) -- No. 4 (cont'd.)

CONTROL AND LOSS ACCOUNT

PROFIT AND LOSS ACCOUNT			
To Balance	£	s	d
By Carriage Inwards	100	0	0
	100	0	0

— JOURNAL (N-1111).

<i>Dr</i>	STOCK IN-LIABILITY				<i>Cr</i>
	<i>l</i>	<i>b</i>	<i>d</i>	<i>s</i> (<i>xx</i>)	<i>d</i>
By Balance	74 000	.	.		
				By Capital Reduction Account	

BALANCE SHEET OF AUTOXGOWILL MOTOR CO LTD (AND REDUCED) AS AT 31ST MARCH 1911.

[illegible]

EXERCISE XV (G) - No 5

JOURNAL OF STRUCTURES LTD

	£	s	d	£	s	d
Erectors Ltd To Realization Account Being agreed purchase price of business assets	122 800	-	-	122 800	-	-
Realization Account To Freehold Premises Plant and Machinery Stock in Trade Work in Progress Sundry Debtors Cash at Bank and in Hand Assets sold to Erectors Ltd	130 300	-	-	40 000 50 000 14 700 8 300 15 280 1 970	-	-
Sundry Creditors To Erectors Ltd Creditors taken over by Erectors Ltd	19 800	-	-	19 800	-	-
Shares in Erectors Ltd To Erectors Ltd 30 000 Shares in Erectors Ltd at 2s each issued to outside share holders in Structures Ltd	37 500	-	-	37 500	-	-
Share Capital Account To Shares in Erectors Ltd Distribution to shareholders of Shares in Erectors Ltd	37 500	-	-	37 500	-	-
Share Capital Account To Realization Account Profit and Loss Account Transfer of losses	50 000	-	-	7 500 42 500	-	-
Debentures Share Capital Account To Erectors Ltd Cancellation of Debentures and Share held by Erectors Ltd	53 000 12 500	-	-	65 500	-	-
	463 400	-	-	463 400	-	-

EXERCISE XV (G)—No 5 (contd)

JOURNAL OF ERECTORS, LTD

	£	s	d	£	s	d
Business Purchase Account .	103 000	-	-			
To Structures, Ltd . . .				103,000	-	-
Agreed purchase price of business						
Business Purchase Account .	19,800	-	-			
To Sundry Creditors . .				19 800	-	-
Liabilities taken over						
Freehold Premises	35,000	-	-			
Plant and Machinery . . .	47,500	-	-			
Stock-in Trade	14,700	-	-			
Work in Progress	8 350	-	-			
Sundry Debtors	15 280	-	-			
Cash at Bank and in Hand	1,970	-	-			
To Business Purchase Account				122,800	-	-
Transfer of assets acquired						
Structures, Ltd	103 000	-	-			
To Share Capital Account				30,000	-	-
„ Share Premium Account				7,500	-	-
„ Investments—						
Debentures in Structures Ltd				53,000	-	-
Shares in Structures Ltd				12,500	-	-
30,000 Shares issued at 25s each including 5s premium and cancellation of Debentures and Shares						
Profit and Loss Account	5,000	-	-			
To Shares in Structures, Ltd				5 000	-	-
Loss on investment written off						
	£353 600	-	-	£353 600	-	-

EXERCISE XV (G)—No 6

(a) Strictly speaking there should have been an actual stocktaking on 1st June 1936 and Final Accounts prepared then. As however this has not been done, the profits for the year ended 30th September 1936 should be ascertained. If any amount has been charged in these accounts for directors remuneration it should be added back to the profit for the year, the resulting figure being apportioned between the pre-incorporation and the incorporation period in the proportions that the pre-incorporation period turnover and the incorporation period turnover bear to the total turnover. Assuming the net profit for the year after charging £700 for directors' fees is £7,000 and the turnover is £70,000, of which £40,000 was effected before 1st June 1936, the pre-incorporation profits will be—

$$\frac{£7,000 + £700}{70,000} \times 40,000 = \frac{£7,700 \times 4}{7} = £4,400$$

The remainder of the profit is attributable to the post-incorporation period.

(b) The pre-incorporation profits should be put to the credit of a Capital Reserve Fund.

EXERCISE XV (G)—No 7

JOURNAL

	£	s	d	£	s	d
Business Purchase Account To Vendors (X and Y) Agreed purchase price of business	18 500			18 500		
Business Purchase Account To Sundry Creditors Bills Payable Loan on Mortgage Reserve for Bad Debts Liabilities and reserve taken over	6 600			3 500 400 2 200 500		
Bank Sundry Debtors Bills Receivable Stock in Trade Plant and Machinery Land and Buildings Patterns and Models Loose Tools To Business Purchase Account Transfer to asset accounts of assets acquired	300 5 500 500 7 000 3 500 3 000 1 000 800			21 600		
Goodwill To Business Purchase Account Value of goodwill represented by balance of Business Purchase Account	3 500			3 500		
Vendors (X and Y) To Ordinary Share Capital Account 5½ per cent Cumulative Preference Share Capital Account Issue of 12 000 Ordinary Shares and 5 000 Preference Shares in part satisfaction of purchase price of business	17 000			12 000 5 000		
	£67 200			£67 200		

Dr	CASH BOOK	Cr
To Balance	£ 300 s d	By Vendors (X and Y) £ 1 500 s d

EXERCISE XV (G) No 7 (cont'd)

BALANCE SHEET OF THE RAPID ENGINEERING CO LTD AS AT 1ST JANUARY 19

CAPITAL AND LIABILITIES		ASSET	
£	sh	£	sh
Authorized Capital—			
Ordinary Shares of £1 each			
4 per cent Cumulative Preference Shares of £1 each			
12 000		5 500	
5 000		500	
Issued Capital—			
12 000 Ordinary Shares of £1 each fully paid			
5 000		6 000	
5 000 5½ per cent Cumulative Preference Shares of £1 each fully paid			
17 000			
2 200			
1 200			
5 500			
400			
Loan on Mortgage			
Bank Overdraft			
Sundry Creditor			
Bills Payable			
£24 300		£24 300	

EXERCISE XV (G)—No 8 (cont.)

BALANCE SHEET OF A B LTD AS AT 31ST DECEMBER, 1939

[illegible]

EXERCISE XV (G) No 9

JOURNAL

	£	s	d	£	s	d
Share Capital Account To Capital Reduction Account 60 000 Shares of £1 each fully paid reduced to 60 000 Shares of 5s each fully paid as per resolution dated	45 000		-	45 000		
Premium on Shares Account To Profit and Loss Account Transfer of premium as per resolu- tion dated	600		-	600		
Capital Reduction Account To Profit and Loss Account Goodwill Plant and Machinery Stock Reserve for Bad Debts Freehold Property Amounts written off as per resolu- tion dated	45 000		-	19 650 10 000 9 240 4 094 1 500 516		
	£90 600			£90 600		

BALANCE SHEET

	£		£	£
<i>Capital—</i> Authorized and Is- sued 60 000 Shares of 5s each fully paid		Freehold Property		8 514
Sundry Creditors	15 000	Plant and Machin- ery		10 000
	40 350	Stock		16 376
		Sundry Debtors	21 290	
		Less Reserve for Bad Debts	1 500	
		Cash		19 790
	£55 350			670
				£55 350

EXERCISE XV (G)—No 10

(i) A company issuing bonus shares is enabled to utilize the assets represented by the profit made as additional working capital. From the shareholders' point of view they receive shares which they can turn into cash by selling them if they so desire, their original holdings still remaining intact.

If the profits are not largely increased the distribution of profits over a larger number of shares will reduce the rate of dividend paid. This may be considered expedient to conceal from workers the fact that high dividends are being paid. If the company desires to maintain the same rate of dividend

as before it will have considerably to modify its reserve policy unless it earns larger profits

The issue of bonus shares may encourage speculative dealings in the shares, and cause the market value of the shares to fall though the market value of the total holding may be greater

No sur tax is payable on a bonus share distribution

(n)

JOURNAL

	£	s	d	£	s	d
Reserve Account To Bonus Account Bonus payable out of reserve in fully paid shares as per resolution dated	10 000	-	-	10,000	-	-
Bonus Account To Share Capital Account Issue of 10 000 bonus shares of £1 each in payment of bonus at the rate of one bonus share for every ten shares held in the company on an issued capital of £100,000	10 000	-	-	10 000	-	-
	£20,000	-	-	£20 000	-	-

EXERCISE XV (G)—No 11

JOURNAL

19		£	s	d	£	s	d
	Reserve Account To Bonus Account Bonus payable out of Reserve in fully paid shares as per resolution	40 000	-	-	40 000	-	-
	Bonus Account To Share Capital Account Issue of 40 000 bonus shares of £1 each in payment of bonus at the rate of 1 bonus share for every 5 shares held	40,000	-	-	40 000	-	-
		£80,000	-	-	80 000	-	-

EXERCISE XV (G)—No 12

JOURNAL

19		£ s d			£ s d		
		£	s	d	£	s	d
	Final Call Account To Share Capital Call of 5s per share on 150 000 shares as per resolution	37 500	—	—	37 500	—	—
	Reserve Fund Account To Bonus Account Bonus of 33½% on £112 500 paid up capital	37 500	—	—	37 500	—	—
	Bonus Account To Final Call Account Application of bonus in payment of final call	37 500	—	—	37 500	—	—
		<u>£112 500</u>			<u>£112 500</u>		

EXERCISE XV (G)—No 13

JOURNAL

		£ s d			£ s d		
		£	s	d	£	s	d
	Ordinary Share Final Call Account To Ordinary Share Capital Acct Call of 3s 4d per share on 100 000 shares as per resolution dated	16 666	13	4	16 666	13	4
	Reserve Fund To Bonus Account Bonus of 20 per cent on £83 333 6s 8d paid up Capital declared out of reserve fund as per resolution dated	16 666	13	4	16 666	13	4
	Bonus Account To Ordinary Share Final Call A/c Application of Bonus to discharge of Final Call as per resolution dated	16 666	13	4	16 666	13	4
		<u>£50 000</u>			<u>£50 000</u>		

EXERCISE XV (G)—No. 14.

JOURNAL OF BLACK & WHITE

(The entries to close books of old firm)

19		£	s	d	£	s	d.
	Realization Account . . .	50,950	-	-			
	To Land and Buildings . . .				22 065	-	-
	" Machinery and Plant . . .				12,800	-	-
	" Stock . . .				10,760	-	-
	" Sundry Debtors . . .				4 250	-	-
	" Investments . . .				1,075	-	-
	A Company . . .	60,000	-	-			
	To Realization . . .				60,000	-	-
	Bank (for sale of Investments) . . .	1,075	-	-			
	To Realization . . .				1,075	-	-
	Realization Account . . .	10,125	-	-			
	To J Black . . .				5,062	10	-
	($\frac{1}{2}$ share of profit on Realiza- tion)						
	" W White . . .				5,062	10	-
	($\frac{1}{2}$ share of profit on Realiza- tion)						
	Bank . . .	10 000	-	-			
	Shares in A Company . . .	50 000	-	-			
	To A Company . . .				60 000	-	-
	Sundry Creditors . . .	3,700	-	-			
	To Bank . . .				3,700	-	-
	J Black's Capital Account . . .	30,000	-	-			
	W White's Capital Account . . .	20,000	-	-			
	To Shares in A Company . . .				50,000	-	-
	J Black's Capital Account . . .	5 062	10	-			
	W White's Capital Account . . .	5,062	10	-			
	To Bank . . .				10 125	-	-
		£245 975	-	-	£245 975	-	-

JOURNAL OF A COMPANY

(The entries to open the books of the new company)

19..		£	s	d	£	s	d.
	Land and Buildings . . .	22 065	-	-			
	Machinery and Plant . . .	12 800	-	-			
	Stock . . .	10 760	-	-			
	Sundry Debtors . . .	4 250	-	-			
	Goodwill . . .	10,125	-	-			
	To J White & W Black . . .				60 000	-	-
	(Vendors)						

EXERCISE XV (G)—No 14 (contd)

JOURNAL OF A COMPANY—(contd)
(The entries to open the books of the new company)

19		£	s	d	£	s	d
	Messrs J White & W Black (Vendors) To Ordinary Share Capital Bank	60 000			50 000 10 000	-	-
	Sundry Shareholders To Ordinary Share Capital	50 000	-		50 000		
	Bank To Sundry Shareholders	50 000			50 000		-
		£220 000	-	-	£220 000		

EXERCISE XV (G)—No 15

JOURNAL OF THE BIRGET ENGINEERING CO LTD

19 July		£	s	d	£	s	d
	Application A/c (Ordinary Shares) To Ordinary Share Capital £1 per share on 1 100 shares	1 100	-		1 100	-	
	Application A/c (Preference Shares) To Preference Share Capital £1 per share on 5 000 shares	5 000			5 000	-	-
9	Allotment A/c (Ordinary Shares) To Ordinary Share Capital £4 per share on 1 100 shares	4 400			4 400	-	
9	Allotment A/c (Preference Shares) To Preference Share Capital £2 per share on 5 000 shares	10 000	-		10 000	-	-
9	Patents A/c To Sharp & Short (Vendors)	40 000			40 000	-	-
9	Sharp & Short (Vendors) To Ordinary Share Capital For issue of 3 900 shares of £10 each as fully paid to vendors in part payment of purchase price of patents	39 000	-		39 000		-
Oct 9	First Call A/c (Ordinary Shares) To Ordinary Share Capital £5 per share on 1 100 shares	5 500	-		5 500	-	-
" 9	First Call A/c (Preference Shares) To Preference Share Capital £2 per share on 5 000 shares	10 000	-		10 000	-	-
		£115 000	-	-	£115 000	-	-

EXERCISE XV (G)—No 15 (contd.)

Dr.

CASH BOOK

Cr.

		Bank			Bank.		
		£	s d		£	s d.	
19.				19			
July .	To Application A/c (Ordinary Shares)	1 100	-	July 9	By Sharp & Short (Vendors)	1 000	-
	" Application A/c (Preference Shares)	5 000	-		" Balance c/d .	34 800	-
	" Allotment A/c (Ordinary Shares)	4 400	-				
	" Allotment A/c (Preference Shares)	10 000	-				
	Call A/c (Ordinary Shares)	5 500	-				
	Call A/c (Preference Shares)	9 800	-				
		£ 35 800	-		£	35 800	-
July	To Balance b/d	34 800	-				

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THE BIRCH ENGINEERING CO LTD
BALANCE SHEET AS AT 31st OCTOBER 19

CAPITAL AND LIABILITIES		£	s d	£	s d	PROPERTY AND ASSETS		£	s d	£	s d.
<i>Nominal and Issued Capital—</i>						Patents				40 000	-
5 000 Ordinary Shares of £10 each						Cash at Bank				34 800	-
fully paid				50 000	-						
5 000 Preference Shares of £5 each		25 000	-								
fully called		200	-								
Less Calls in Arrears				24 800	-						
				£ 74 800	-			£	74 800	-	-

EXERCISE XV (G)—No 16

JOURNAL

		£	s	d	£	s	d
19 Jan 1	Business Purchase Account To Vendor's Account For purchase price of business as per agreement dated 1st Jan	60 000			60 000		
" 1	Stock in Trade	10 000					
	Machinery and Plant .	25 000					
	Loose Tools .	4 000					
	Bills Receivable .	2 500					
	Cash at Bank .	5 000					
	Goods in .	10 000					
	Sundry Debtors	20 000					
	To Business Purchase Account For assets acquired as per agree- ment				76 500		
" 1	Business Purchase Account To Sundry Creditors Bills Payable Bad Debts Reserve For liabilities taken over as per agreement	16 500			10 000 5 000 1 500		
" 1	Vendor's Account To Ordinary Share Capital 25 000 shares of £1 each issued as fully paid to vendor To 5% Debentures 250 bonds of £100 each repay- able in 10 years at 10% issued as fully paid to vendor	50 000			25 000 25 000		
" 1	Application Account (Ord. Shares) To Ordinary Share Capital 10/- per share on 15 000 shares	7 500			7 500		
" 1	Allotment Account To Ordinary Share Capital 10/- per share on 15 000 shares	7 500			7 500		
	TOTAL OF JOURNAL	218 000			218 000		

EXERCISE XV (G)—No 16 (contd.)

Dr		CASH BOOK				Cr		
		Bank				Bank		
19		£	s	d	19	£	s	d
Jan 1	To Balance	5 000	-	-	Feb 1	By Vendor	10 000	-
	" Application Account	7 500	-	-		(Balance of purchase money)	9,850	-
	" Allotment Account	7 350	-	-		" Balance c/d	19 850	-
		£ 19 850	-	-				

Note —The totals of Journal above differ from the answer given in *Advanced Accounts*. The figures in the textbook are arrived at as follows—

	Debit Side	Credit Side
Total of Assets (including Goodwill)	£ 76,500	£
Total of Liabilities (including Vendor's Account)		76 500
Journal Entries for—		
(a) Vendors' Shares and Debentures	50 000	50,000
(b) Application Account	7,500	7,500
(c) Allotment Account	7,500	7,500
JOURNAL as Textbook Answer	£141,500	£141 500

EXERCISE XV (G)--No 17 (cont'd)

THE JOHN SMITH AND STEPL NIB CO LTD

Dr PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19.. Cr

	£	s	d	£	s	d	£	s	d
To Rent									
" Rates and Taxes				£	76	-			
" Salaries				211	-	-			
" Discounts Allowed				917	-	-			
" Less Amount on Debts guaranteed by J Smith	1 033	-	-						
Office Expenses	239	-	-						
Directors' Fees				794	-	-			
" Bad Debts	206	-	-	1 006	-	-			
" Less Amount guaranteed by J Smith	187	-	-	200	-	-			
Auditors' Fees				19	-	-			
" Bad Debts Reserve (5% of £12 380)				100	-	-			
" Depreciation—				619	-	-			
Preliminary Expenses (£ of £400)	100	-	-						
Machinery and Plant (8% of £11,650)	932	-	-						
Leasehold Premises (4% of £7 500)	375	-	-						
" Balance, NET Profit c/d				1 407	-	-			
				1 322	-	-			
				£6 671	-	-			
							£	s	d
							6,110	-	-
							561	-	-
							£6 671	-	-

EXERCISE XV (G) No 18 (contd.)

BALANCE SHEET

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS	
£	£	£	£
<i>Nominal Capital—</i>		Freehold Land and Buildings	28 000
125 000 6% Preference Shares	125 000	Machinery and Plant	25 000
of £1	125 000	Advertising Plates etc	25 000
125 000 Ordinary Shares of £1	125 000	Goodwill	42 000
	250 000	Stocks & Materials in Progress	140 000
<i>Issued Capital—</i>		Sundry Debtors	45 000
125 000 6% Preference Shares	125 000	Bank	36 250
125 000 Ordinary Shares	125 000		
Share Premium Account	6 250		
Loans on Mortgage	45 000		
Trade Credit etc.	40 000		
	341 250		341 250

EXERCISE XV (G) No 19

REALIZATION ACCOUNT

Dr		Cr	
19	19	£	£
To Sundry Assets		By Cash i.e.	
As Capital Account		(Total of Assets	
(Share of profit) £	13 750	£13 750 + Goodwill £2 000	
Os Capital Account	800	Less { Depreciation of Stock £500 } £(800)	
(Share of profit) £	400	{ Depreciation of Plant £300 }	
	14 950		14 950

EXERCISE XV (G) —No 19 (contd)

CASH ACCOUNT						Cr	
Dr						£	d.
19	To Realization		£	14,950	19		
						By Sundry Creditors	
						A s Capital Account	
						" O s Capital Account	
			£	14 950			
						£	14 950

" A receives £6 800 = (Capital Balance £6 000 + Share of Profit on Realization £800)
 " O receives £4,400 = (Capital Balance £4 000 + Share of Profit on Realization £400).

EXERCISE XV (G)—No 20

four months or $\frac{1}{4}$ of the profit viz £1 900 being profit prior to incorporation would not be available for dividend
 £4 800 could be appropriated for distribution

EXERCISE XV (G) No 21

Dr PROFIT AND LOSS ON REALIZATION ACCOUNT *Cr*

19		£	s	d	19		£	s	d
	To Realization Account (Liabilities £25 86s Less Assets £21 8 2½)	3 840	10			By Capital Accounts R ½ of Loss S ½ of Loss T ½ of Loss	960 19 0 960	0 3 0	6 6
		(3 840)	10				3 840	10	

Dr CASH ACCOUNT *Cr*

19		£	s	d	19		£	s	d
	To Realization Account	0 00				By Sundry Creditors R Loan Account Capital Accounts— R S	5 500 2 163 8 981 4 405		
		1 000					1 000	19	

Dr R s LOAN ACCOUNT *Cr*

19		£	s	d	19		£	s	d
	To Cash	2 163				By Balance of Loan and Share of Profit Interest @ 6	2 100 63		
		2 163					2 163		

Dr R s CAPITAL ACCOUNT *Cr*

19		£	s	d	19		£	s	d
	To Share of Loss on Realization Share of T's O e drawn Account Cash	960 1 003 8 981	0 16 3	6 6		By Balance	11 000		
		11 000					11 000		

Dr S s CAPITAL ACCOUNT *Cr*

19		£	s	d	19		£	s	d
	To Share of Loss on Realization Share of T's Over drawn Account " Cash	1 970 673 4 405	5 16 19			By Balance	7 000		
		7 000					7 000		

EXERCISE XV (G)—No 21 (contd)

T's CAPITAL ACCOUNT

Dr				(OVERDRAWN)				Cr			
19		£	s.	d.	19			£	s.	d.	
	To Balance	750				By Capital Accounts—					
	" Interest @ 6%	22	10	—		R ₁ ½ share		1,008	16	6	
	" Share of Loss on Realization	960	2	6		S ₁ ½ share		673	16		
		£1,732	12	6				£1,732	12	6	

EXERCISE XV (G)—No 22

THE AL MANUFACTURING CO., LTD

TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 19..

Dr				Cr			
	£	s.	d.		£	s.	d.
To Stock, 1st April	8 621			By Sales	33 608		
" Purchases	11 920			" Stock, 1st March	8,102		
" Manufactg Wages	9,897						
" Coal and Coke	2,600						
" Balance, Gross Profit, c/d	5 622						
	£ 38,710				£ 38,710		
To Discounts	801			By Trading Account, Gross Profit, b/d	5 622		
" Salaries and Commission	1 266						
" Rent, Rates, Taxes, and Insurance	893						
" Bank Charges	138						
" Directors Fees	200						
" Debiture Interest	300						
" Sundry Expenses	140						
" Bad Debt	98						
" Discount Reserve on Debtors (5% of £8,240)	412						
" Depreciation—Fixed Plant and Machinery (5% of £3 920)	296						
" Loose Tools, etc (7½% of £2,280)	171						
" Bal., Net Profit	467						
	£5,622				£5,622		

EXERCISE XV (G)—No 22 (contd)

THE XL MANUFACTURING CO LTD
BALANCE SHEET AS AT 31ST MARCH 19

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS	
	£ s d		£ s d
Nominal Capital—		Freehold Land and Buildings	8 650
10 000 6% Preference Shares of £1 each	0 000	Fixed Plant and Machinery	990
15 000 Ordinary Shares of £1 each	15 000	Less Depreciation	290
	<u>£15 000</u>	Furniture and Office Equipment	250
Issued Capital		Goodwill	5 000
10 000 6% Preference Shares fully paid	10 000	Loose Tools and Materials	280
15 000 Ordinary Shares paid	15 000	Less Depreciation	1 100
	<u>25 000</u>	Stock	8 40
5% Debentures	6 000	Sundry Debtors	412
Bank Overdraft	2 640	Less Discount Reserve	
Sundry Creditors	2 140	Bills Receivable	971
Commissions of £1 R—		Cash in Hand	80
1% on Debenture Interest	4		
Reserve	1 000		
Profit and Loss Account			
Balance 1st April	974		
Add Current Year Profit	811		
	<u>1 785</u>		
	<u>£38 616</u>		<u>£38 616</u>

EXERCISE XV (G)—No 24

A COMPANY LIMITED

TRADING ACCOUNT

Dr FOR THE YEAR ENDED 31ST DECEMBER 19 . Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Stock 1st Jan				3 417	8	9	By Sales	24 141	14	5			
Purchases	9 716	10	4				Less Returns						
Less Returns Outward	114	5	11				Inwards	316	10	—	23 8 ⁰⁰	4	5
Carrage Inwards				9 602	4	5	Stock				2 9 ⁰²	9	7
Manufactg Wages				198	4	7							
Expenses				3 498	12	—							
Factory Fuel and Power				945	14	3							
Balance Gross Profit c/d				1 ⁰⁷	10	—							
				9 000	—	—							
				£ 23 1 ⁰⁷	14	—					£ 23 1 ⁰⁷	14	—

A COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 31ST DECEMBER 19 . Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Salaries				1 596	10	4	By Trading Account				9 000	—	—
Works Managers							Gross Profit b/d						
Comms (1% of £9 000)				90	—	—							
Carr Outwards				215	6	11							
General Exps				814	5	—	Appropriation Account (Credit Side)						
Rates Taxes and Insurance				368	10	10	By Bal 1st April	743	6	—			
Lighting and Heating				98	14	7	Current Year's Profit	4 545	15	—			
Stable Expenses				247	6	11							
Discount				9 ⁰⁰	4	1							
Bad Debts				148	9	6							
Interest and Bank Charges				47	10	—							
Provision for Bad Debts (5% of £7 814 10s 0d)				390	14	6	(Debit Side)						
Depreciation—Plant & Machinery (10% of £1 972 10s 0d)	197	5	—				To General Managers Comm (5% of £4 545 15s 0d)	227	5	9			
Furniture etc (5% of £947 6s 8d)	47	7	4				Balance to Balance Sheet	5 061	15	3			
Horses & Carts	100	—	—										
Balance Net Profit c/d				344	12	4							
				£ 545	15	—							
				£ 9 000	—	—					£ 9 000	—	—

EXERCISE XV (G)—No 25

TRADING AND PROFIT AND LOSS ACCOUNTS OF ROSE
PINK & LILLEY

Dr FOR THE YEAR ENDED 31st MARCH 1937

Cr

To Stock 31st March 1936	£	s	d	£	s	d	By Sales	£	s	d	
Purchases				6	29	1	Stock 31st March 1937	45	69	1	
Gross Profit carried to Section II				3	0	8		5	2	7	
				7	5	8					
				£50	90	8		£50	90	8	
To Salaries & Wages				1	82	5	By Gross Profit from Section I	7	5	8	
Heating and Lighting					8	6					
Telephone and Insurance						9					
Office Expenses					1	13					
Van Expenses					1	90					
Rent and Rates					4	7					
Postages and Stationery					1	02					
Advertising					3	48					
Bank Charges						84					
Bad Debts					3	29					
Depreciation of Vans	14	1									
Depreciation of Furniture and Fittings	13	5			7						
Net Trading Profit carried to Section III					3	6	72				
					£7	5	8		£7	5	8
To Interest on Capital							By Net Trading Profit from Section II	3	6	72	
Rose	3	12									
Pink		16	8			4					
Net Profit—					4	80					
Rose	1	9	6								
Pink	1	0	4								
Lilley		4	3								
					£3	6	72		£3	6	72

SMITH & BROWN
JOINT ADVENTURE WITH BROWN

Cr

Dr	Amo nt	Mo ths	Interest	Amo nt	Mo ths	Interest
1915 Dec 31	£ 4 000		£ 100	£ 000		£ 25
1916 Jan 1	70	6	115	3 118 15 10	4	26 15
June 30	972	10	£101 15	£5 118 15 10		£ 01 15
	£5 118 15 10					
To P r base of 3 m x r			1915 Dec 31	By Draft o Brown d e 3rd Apr 1 1936		
Doct a d Wharfage				By Balan co of I terest		
Charge				Ch que from Brown		
Balance of Interest						
Share of I r of t						

BROWN & BROWN

JOINT ADVENTURE WITH SMITH

Cr

Dr	Amo nt	Mo ths	Interest	Amo nt	Mo ths	Interest
1915 Dec 31	£ 00		£ 25	£ 200		£ 25 16 8
1916 Jan 1	110	6	6 8	£ 25 16 8	1	£ 25 16 8
June 30	972	10	£25 16 8	£ 25 16 8		£ 25 16 8
	£ 00 16 8					
To Ac r n e x t a l due 3e			1915 Dec 31	By Sale of Timber		
Apr 1 1915				B l a e of Inter st		
I x p n e						
Ital						
Share of I r of t						
Ch que to Sm th						

JOINT VENTURE ACCOUNT BETWEEN SMITH AND BROWN

Sale of Timber	£ 4 000	£ 6 200
Cost of Timber	70	
Dock and Wharfage Cl e e p d by Sm th	110	
Expenses paid by Brown	76 15	16 8
Interest due to Sm th	4 6 15	6 200 16 8
Interest due from Brown	47 10	
	£ 8 000 16 8	£ 8 200 16 8

Ha t Profit l e to Sm th
Ha t Profit due to Brown

EXERCISE XV (G)—No 29

CHATENAY'S BOOKS

JOURNAL

	£	s	d	£	s	d
Business Purchase Account Dr	120,000	—	—	120,000	—	—
To Vendor (Abel Chatenay)						
Freehold Works Dr	36,000	—	—			
Machinery and Plant Dr	37,860	—	—			
Sundry Debtors Dr	18,764	—	—			
Stock Dr	22,440	—	—			
Cash in hand Dr	976	—	—			
Goodwill Dr	20,000	—	—			
To Business Purchase Account .				136,040	—	—
Business Purchase Account Dr	16,040	—	—			
To Sundry Creditors				14,040	—	—
„ Bank Loan				2,000	—	—
Vendor (Abel Chatenay)	90,000	—	—			
To Ordinary Share Capital				40,000	—	—
Issue of 40 000 ordinary shares of £1 each, fully paid in part payment of purchase price of business						
To 6% Preference Share Capital				50,000	—	—
Issue of 50 000 6% preference shares of £1 each, fully paid in part payment of purchase price of business						
	£362 080	—	—	£362 080	—	—

LEDGER

BANK ACCOUNT							
Dr				Cr			
To Ordinary Share Capital	£	s	d	By Vendor	£	s	d
Preference Share Capital	60 000	—	—	Balance c/d	30 000	—	—
	50 000	—	—		80,000	—	—
	£110 000	—	—		£110 000	—	—
To Balance b/d	£80 000	—	—				

Dr	BUSINESS PURCHASE ACCOUNT				Cr			
To Vendor (A. Chatenay)	£	s	d		By Freehold Works	£	s	d
" Sundry Creditors	120 000	-	-		" Machinery etc	36 000	-	-
" Bank Loan	14 040	-	-		" Sundry Debtors	37 860	-	-
	2 000	-	-		" Stock	18 764	-	-
					" Cash in hand	22 440	-	-
					" Goodwill	976	-	-
						20 000	-	-
	£13 040	-	-			£136 040	-	-

EXERCISE XV (G)—No 29 (*contd*)

Dr		VENDOR'S (ABEL CHATEWAY) ACCOUNT			Cr			
To Cash		£	s	d	By Bus net's Purchase Account	£	s	d
Ordinary Share Capital		30,000	-	-		120,000	-	-
" Pref. Share Capital		40,000	-	-				
		50,000	-	-				
		£120,000	-	-		£120,000	-	-

Dr.		ORDINARY SHARE CAPITAL ACCOUNT				Cr		
To Balance c/d	£	100 000	s	d	By Vendor	£	s	d
					" Cash	40 000		
						60 000		
		£100 000				£100 000		
					By Balance b/d	£100 000		

Dr		6% PREFERENCE SHARE CAPITAL ACCOUNT				Cr	
To Balance c/d	£	100 000	s	d	By Vendor	£	50 000
					" Cash	50 000	
	£100 000	-	-			£100 000	-
					By Balance b/d	£100 000	-

EXERCISE XV (G)—No 30

X CO., LTD

BALANCE SHEET AS AT 31ST DECEMBER 19..

CAPITAL AND LIABILITIES		£	s	d	PROPERTY AND ASSETS		£	s	d
Nominal Capital—					Property		28,000	-	-
60,000 Shares of £1 each	£60,000				Stock		8,000	-	-
Issued Capital—					Goodwill (equal to Two Years Purchase of average profits)		7,000	-	-
47,500 Shares of £1 each fully paid	47,500				Debtors		7,000	-	-
Sundry Creditors	3,000				Cash at Bank		500	-	-
		£	50,500	-	Preliminary Expenses		2,000	-	-
							£	50,500	-

Preliminary Expenses, in this case, consists of—

- Cost of registration
- Law costs
- Printing and stationery.

EXERCISE XV (G) No 32

JOURNAL

		£	s	d	£	s	d
19							
July 1	Freehold Buildings	20 000					
	Buildings	15 000					
	Plant etc	17 500					
	Work in Progress	22 500	-				
	Stocks	20 000					
	Sundry Debtors	14 250					
	Bank	5 735	-				
	Cash	15					
	To Vendor Account				100 000		-
	Sundry Creditors				3 050		-
	Capital Reserve				11 950		-
	Assets and Liabilities taken over as at this date						
		£115 000			£115 000		

EXERCISE XV (G) No 33

JOURNAL

		£	s	d	£	s	d
Share Capital Account	Dr	18 750					
To Profit and Loss Account					18 750		-
Reduction of 75 000 Shares of £1 each fully paid to 75 000 Shares of 15s each fully paid as per Order of the Court dated							

Dr

CONTRACT No 1

Cr

		£	s	d		£	s	d
10	Purchases Wages and Salaries Sundry Expenses Plant and Machinery Balance (estimated Profit)	30 000 43 0 0 2 000 5 000 1 500			10	By Work certified for $\frac{£60\,000 \times 100}{90}$ Materials on hand and work done (not certified for) Plant and Machinery (less 10% Depreciation)	75 000 2 500 4 500	- - -
		£82 000				£82 000		

Dr

CONTRACT No 2

Cr

		£	s	d		£	s	d
19	Purchases Wages and Salaries Sundry Expenses Plant and Machinery Balance (estimated Profit)	80 000 56 000 1 500 3 500 11 150			19	By Work certified for $\frac{£120\,000 + £20\,500}{100}$ Materials on hand etc Plant and Machinery (less 10% Depreciation)	142 500 6 500 3 150	- - -
		£152 150				£152 150		

EXERCISE XV (G)—No 36

HEAD OFFICE JOURNAL

19..		£	s	d	£	s	d
	Australian Manager To Bank	5 000	-	-	5 000	-	-
	Capital Expenditure Account—WAGES To Australian Manager	1 000	-	-	1,000	-	-
	Capital Expenditure To Stores Account	500	-	-	500	-	-
	<i>Mining and Milling Account—</i>						
	Wages £1 200						
	Salaries 500						
	Sundry Expenses 200						
		1,900	-	-			
	Stores Account	1 500	-	-			
	To Australian Manager				3 400	-	-
	Mining and Milling Account	700	-	-			
	To Stores Account				700	-	-
	Australian Manager To Bullion (Sales)	2 400	-	-	2 400	-	-
	Bullion (Stock)	500	-	-			
	To Bullion (Stock)				500	-	-
		£13 500	-	-	13 500	-	-

THE WAYSIDE BOOT CO. LTD

APPROPRIATION ACCOUNT

	£	s	d	By Current Year's Profit	£	s	d
To Balance, 1st Jan	1	238	-	-			
" Contribution to Pension Fund		493	-	-			
" Bonus Paid to Employees		763	-	-			
" Balance to Balance Sheet		4	61 s	9			
	£7	112	9		£7	112	9

BALANCE SHEET AS AT 31ST DECEMBER 19

CAPITAL AND LIABILITIES	£	s	d	£	s	d
Nominal Capital— 10 000 Preference Shares of £1 each 860 000 Ordinary Shares of 1/- each	10 000	-	-	-	-	-
	40 000	-	-	-	-	-
Issued Capital— 10 000 Preference Shares of £1 each fully paid 718 400 Ordinary Shares of 1/- each fully paid	50 000	-	-	-	-	-
	10 000	-	-	-	-	-
	35 820	-	-	-	-	-
100 % Investments of £50 each	-	-	-	45 820	-	-
Pension Fund	-	-	-	5 000	-	-
Bills Payable	-	-	-	4 980	-	-
Sundry Creditors	-	-	-	2 162	-	-
Rent due	-	-	-	11 747	-	-
Carriage not paid	-	-	-	150	-	-
Profit and Loss Account— Balance available for distribution +	-	-	-	472	-	-
	-	-	-	4 613	9	-
				£ 74 844	9	-
PROPERTY AND ASSETS						
Freehold Land and Buildings	-	-	-	-	-	-
Less Depreciation	-	-	-	-	-	-
Machinery and Plant	-	-	-	-	-	-
Less Depreciation	-	-	-	-	-	-
Horses and Vans	-	-	-	-	-	-
Less Depreciation	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Stocks— Finished Goods	-	-	-	-	-	-
Materials and Unfinished Goods	-	-	-	-	-	-
Sundry Debtors	-	-	-	-	-	-
Less Bad Debts Reserve	-	-	-	-	-	-
Investments on Account of Pension Fund	-	-	-	-	-	-
Bills Receivable	-	-	-	-	-	-
Cash at Bank (Pension Fund)	-	-	-	-	-	-
Cash at Bank (Current)	-	-	-	-	-	-
Cash in hand	-	-	-	-	-	-
Wages Paid in Advance	-	-	-	-	-	-
Insurance unexpired	-	-	-	-	-	-
				£ 74 844	9	-

EXERCISE XV (G)—No 38

BOOKS OF WYNNE CO LTD

Dr				BUSINESS REALIZATION ACCOUNT				Cr			
19	To Sundry Assets	£	s	d	19	By Sundry Creditors	£	s	d		
	Cash	261 3s2				Wyngarde Co. Ltd.	35 6s8				
	(Expenses of Realization)	600				(Total of purchase price of business)	32 500				
	Debenture holders (Premium on Debentures)	7 500									
	Sundry Shareholders (Profit on Realization transferred)	3 678									
		£268 1 8					£268 1 8				

Note—The Purchase price of business is arrived at as under—

		£
(1)	150 000 fully paid Shares of £1 each	150 000
(2)	Cash	30 000
(3)	Payment of Debentures at a premium of 50%	52 500
	TOTAL	£232 500

Dr				THE WYNGARDE CO LTD				Cr			
19	To Business Realization A/c	£	s	d	19	By Shares A/c	£	s	d		
		232 500				Debentures	150 000				
						Debenture Prem.	50 000				
						Cash	2 500				
		£232 500					30 000				
							£232 500				

Dr				SHARES ACCOUNT				Cr			
19	To Wyngarde Co. Ltd. (Shares received)	£	s	d	19	By Shareholders (Shares subscribed)	£	s	d		
		150 000					150 000				

Dr				SHARE CAPITAL ACCOUNT				Cr			
19	To Sundry Shareholders	£	s	d	19	By Balance b/f	£	s	d		
		150 000					150 000				

EXERCISE XV (G)—No 38 (contd.)

Dr

SUNDRY SHAREHOLDERS

Cr

19		£	s	d	19		£	s	d
	To Shares A/c	100 000	-	-		By Capital A/c	100 000	-	-
	" Cash	29 400	-	-		" Reserve A/c	20 000	-	-
	(£30 000 less Ex-					" Profit and Loss A/c	5 724	-	-
	penses of Realiza-					" Business Realiza-			
	tion)					tion A/c	3,676	-	-
						(Profit on Realiza-			
						tion)			
		£179 400	-	-			£179 400	-	-

Dr

DEBENTURES ACCOUNT

Cr

19		£	s	d	19		£	s	d
	To Debenture holders	50 000	-	-		By Balance b/f	50 000	-	-

Dr

DEBENTURE-HOLDERS' ACCOUNT

Cr

19		£	s	d	19		£	s	d
	To Wyngarde Co., Ltd	52 500	-	-		By Debentures	50 000	-	-
						" Business Realiza-	2,500	-	-
						tion A/c			
						(Prem. on Debs.)			
		£52 500	-	-			£52 500	-	-

The "Reserve Account" and the "Profit and Loss Account" are closed by transfer to the "Sundry Shareholders Account"

BOOKS OF GARDE CO., LTD

Dr

BUSINESS REALIZATION ACCOUNT

Cr

19		£	s	d	19		£	s	d
	To Sundry Assets	199 640	-	-		By Sundry Creditors	199 640	-	-
	" Cash	400	-	-		" Wyngarde Co. Ltd	110 000	-	-
	(Expenses of					(Total of purchase price of			
	Realization)					business)			
	" Sundry Shareholders	838	-	-					
	(Profit on Realiza-								
	tion transfer d)								
		£129 958	-	-			£129 958	-	-

Note—The Purchase price of business is arrived at as under—

(1) 100 000 fully-paid Shares of £1 each	£100 000
(2) Cash	10 000
TOTAL	£110,000

EXERCISE XV (G)—No 38 (cont'd)

Dr				THE WYNGARDE CO LTD				Cr			
19	To Business Realization A/c	£	s d	19	By Shares A/c	£	s d				
		110 000	-		Cash	100 000	-				
		110 000	-			10 000	-				
						110 000	-				

Dr		SHARES ACCOUNT		Cr			
19	To Wyngarde Co Ltd (Shares received)	£	s d	19	By Sundry Shareholders (Shares distributed)	£	s d
		100 000	-			100 000	-

Dr		SHARE CAPITAL ACCOUNT		Cr				
19	To sundry Sharehldrs	£	d	19	By Balance b f	£	s	d
		100 000				100 000		

Dr		SUNDRY SHAREHOLDERS		Cr			
19	To Shares A/c Cash (£10 000 ex £40 for Expenses)	100 000 9 550	4	19	By Capital A/c Reserve A/c Profit and Loss A/c Business Realiza- tion A/c (Profit on Realiza- tion)	100 000 2 000 3 687 868	s d - -
		£109 550				£109 550	

The Reserve Account and the Profit and Loss Account are closed by transfer to the Sundry Shareholders Account

BOOKS OF THE WYNGARDE CO LTD

Dr		LIQUIDATOR OF THE WYNGARDE CO LTD		Cr			
19	To Creditors (Liabilities taken over) Sundry Last payment of Purchase price Debit interest (to) Cash (do)	£	s d	19	By Sundry Assets Goodwill A/c	£	s d
		35 628	-			61 357	-
		150 000	-			8 776	-
		4 500	-				
		30 000	-				
		199 128	-			199 128	-

EXERCISE XV (G)—No 38 (contd)

Dr. LIQUIDATOR OF THE GARDE CO., LTD.

Cr

Dr.				Cr			
19	To Creditors (Liabilities taken over)	£	s d	19	By Sundry Assets	£	s d
	Shares	19 958	- -		" Goodwill A/c	128 640	- -
	(Part payment of Purchase price)	100,000	- -			1,318	- -
	" Cash	10 000	- -				
	(Payment of bal of Purchase price)						
		£129 958	- -			£129 958	- -

Dr

SHARE CAPITAL ACCOUNT

Cr

Dr				Cr			
19	To Balance c/d	£	s d	19	By Wynne Co	£	s d
		350,000	- -		" Garde Co	150 000	- -
						100 000	- -
					" Sundry Sharehds.	250 000	- -
						100 000	- -
		£350 000	- -			£350 000	- -
					By Balance b/d	350,000	- -

Dr

CASH ACCOUNT

Cr

Dr				Cr			
19	To Cash transferred from—	£	s d	19	By Wynne Co	£	s d
	Wynne Co	18 912	- -		(Debentures paid off at a premium of 5%)	52 500	- -
	Garde Co	1 234	- -		Wynne Co	90 000	- -
	" Sundry Sharehds	100 000	- -		(Balance of Purchase price)	10 000	- -
					Garde Co		
					(Balance of Purchase price)	1 260	- -
					Preliminary Exps.	26,375	- -
					Balance c/d		
		£120 136	- -			£120 136	- -
	To Balance b/d	70 976	- -				

EXERCISE XV (C) - No 38 (cont'd)

THE WYNGARDE CO LTD

BALANCE SHEET

CAPITAL AND LIABILITIES				PROPERTY AND ASSETS			
Nominal Capital—				Land and Buildings			
400 000 Shares of £1 each				Plant and Machinery			
				Stock in Trade			
				Goodwill			
				Sundry Debtors			
				Bills Receivable			
				Bank			
				Preliminary Expenses			
Issued Capital—							
350 000 Shares of £1 each							
fully paid							
Sundry Creditors							

Note—The value of Goodwill as stated in the Balance Sheet is arrived at as follows—

(1) Goodwill Account of the Wynne Co	£	25 000
(2) Goodwill Account of the Card Co		12 000
(3) Balance of Liquidator of Card Co's Account		1 318
(4) Balance of Liquidator of Wynne Co's Account		6 776
		<u>45 094</u>

EXERCISE XV (C) No 39

THE UNIT CO LTD

BALANCE SHEET AS AT 1ST JULY 19

CAPITAL AND LIABILITIES				PROPERTY AND ASSETS			
Nominal Capital—				Investments			
150 000 Shares of £1 each				Bank			
Issued Capital—				Information Expenses.			
98 000 Shares of £1 each							
£	s	d		£	s	d	£
150 000	—	—		98 000	—	—	95 000
							1 000
							2 000
							98 000
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EXERCISE XV (G)—No 39 (contd)

JOURNAL OF THE ESS CO., LTD

19		£	s	d	£	s	d
July 1	Investments Account . . . Dr	1,500	-	-	1 500	-	-
	To Cash						
	Purchase of 1 500 Ordinary Shares of £1 each in the Unit Co., Ltd., by B (Manager)						

JOURNAL OF THE TEE CO., LTD

19		£	s	d	£	s	d
July 1	Investments Account . . . Dr	1,500	-	-	1 500	-	-
	To Cash						
	Purchase of 1 500 Ordinary Shares of £1 each in the Unit Co. Ltd. by F (Manager)						

Note—The purchase by THE UNIT CO. LTD. of the whole of the Ordinary Shares of both companies would be dealt with through the TRANSFER REGISTERS etc. of the respective companies

JOURNAL OF THE UNIT CO., LTD

19		£	s	d	£	s	d
July 1	Investments Account	50 000	-	-	50,000	-	-
	To Ordinary Share Capital						
	Purchase of 50 000 Ordinary Shares of £1 each (at par) by the issue of 50 000 Ordinary Shares of £1 each as fully paid to the Ordinary Shareholders of the Ess Co., Ltd.						
" 1	Investments Account	45 000	-	-	45 000	-	-
	To Ordinary Share Capital						
	Purchase of 30 000 Ordinary Shares of £1 each (at a premium of 50%) by the issue of 45 000 Ordinary Shares of £1 as fully paid to the ordinary share holders of the Tee Co. Ltd.						
" 1	B, Manager of the Ess Co. Ltd	1,500	-	-	1,500	-	-
	To Ordinary Share Capital						
	Issue of 1,500 shares of £1 each						

EXERCISE XV (G)—No 39 (contd)

JOURNAL OF THE UNIT CO LTD—(contd)

19		£	s	d	£	s	d
July 1	F Managing Director of the TEE Co LTD To Ordinary share Capital Issue of 1 500 shares of £1 each	1 500	-	-	1 500	-	-
1	Bank To B Managing Director of EEC Co F Managing Director of TEE Co	3 000			1 500	-	-
					1 500	-	-
1	Formation Expenses To Bank	2 000			2 000	-	-
		103 000			£103 000		

EXERCISE XV (G) No 40

JOURNAL OF A CO LTD

19		£	s	d	£	s	d
July 1	Business Realization Account Dr To Goodwill To Freehold Land & Buildings To Machinery and Plant To Fixture and Fittings To Sundry Debtors To Stock To Investments To Cash at Bank etc Sundry asset taken over by B Co	87 110			35 000 15 650 3 210 850 10 990 4 660 14 650 2 100	-	-
1	Sundry Creditor Dr To Business Realization Account To liabilities taken over by B Co	7 650			7 650	-	-
1	B Co Dr To Business Realization Account Purchase price of business as per terms agreed to as at 1st Jan	107 600			107 600		
1	Business Realization Account Dr To Debenture holders To Sundry Shareholders Transfer of premium on debentures and profit on realization	28 140			600 27 540	-	-

EXERCISE XV (G)—No 40 (contd.)

JOURNAL OF A CO. LTD—(contd.)

19..		£	s	d	£	s	d
Jan. 1	Share Capital Account . . . <i>Dr</i>	47,500	-	-			
	Reserve Fund	15 000	-	-			
	Profit and Loss A/c (<i>Cr</i> balance) ..	4,960	-	-			
	To Sundry Shareholders . . .				67,460	-	-
	Transfer of balances						
" 1	Debentures (A Co's) . . . <i>Dr</i>	12,000	-	-			
	To Debenture holders				12,000	-	-
	Balance transferred						
" 1	Shares Account (B Co's) . . . <i>Dr</i>	71,250	-	-			
	Debentures Account (B Co's) . .	12,600	-	-			
	To B Co				83 850	-	-
	Receipt of £12 600 debentures and 142 000 shares of 10/- each share in part payment of purchase price of business						
" 1	Bank <i>Dr</i>	23,750	-	-			
	To B Co Ltd				23 750	-	-
	Balance of purchase price received						
" 1	Sundry Shareholders . . . <i>Dr</i>	95 000	-	-			
	To Shares Account (B Co's)				71 250	-	-
	Cash				23 750	-	-
	Issue of 142 000 10/- B Co's shares in exchange for 17 500 shares in A Co and payment of cash as per arrangement						
" 1	Debenture-holders . . . <i>Dr</i>	12 600	-	-			
	To Debentures (B Co's)				12,600	-	-
	Issue of 6% debentures in ex- change for debentures in A Co						
		£525 160	-	-	£525,160	-	-

Note—The Purchase price of business taken over by B Co is arrived at as under—

	£
(1) Payment by B Co of A Co's Debentures at 103% by issue of 6% Debentures	12 600
(2) Payment of 10/- per share to each of A Co's share- holders by B Co	22,750
(3) Issue of three 10s shares (at par) for each £1 share to the shareholders in A Co by B Co	71,250
TOTAL	£107,600

EXERCISE XV (G) No. 41

JOURNAL OF X CO (OLD)

19		£	s	d	£	s	d
	Business Realization A/c . Dr	29,704	-	-			
	To Land and Buildings				2 300	-	-
	" Plant and Machinery				2,108	-	-
	" Furniture and Fittings				415	-	-
	" Stock				3 691	-	-
	" Sundry Debtors				12 674	-	-
	Cash at Bank, etc				8,516	-	-
	Sundry Creditors . Dr	5,674	-	-			
	To Business Realization A/c				5,674	-	-
	Business Realization A/c . Dr	43	-	-			
	To Cash (Exps of Realization)				43	-	-
	X Co (NEW) . Dr	57,450	-	-			
	To Business Realization A/c				57 450	-	-
	Shares Account . . Dr	50,000	-	-			
	Cash	7,450	-	-			
	To X Co (NEW)				57 450	-	-
	Capital Account . . Dr	18 000	-	-			
	Reserve Fund . . .	15 000	-	-			
	Profit and Loss Account	7 450	-	-			
	To Sundry Shareholders				40,450	-	-
	Business Realization A/c . Dr	33 377	-	-			
	To Sundry Shareholders				33,377	-	-
	Sundry Shareholders . .	73 827	-	-			
	To Shares Account .				50 000	-	-
	" Cash				7 407	-	-
	" Investments . . .				16 420	-	-
		297 975	-	-	297 975	-	-

The above entries CORRECTLY posted will CLOSE the books of X Co., LTD. (OLD)

Each of the five shareholders receives—

- (1) 10 000 £1 shares
- (2) £3,284 investments.
- (3) £1,481 8s. in cash.

THE SYNDICATE

BALANCE SHEET

CAPITAL AND LIABILITIES				PROPERTY AND ASSETS			
£	s	d		£	s	d	
Bank Overdraft				Freehold Land and Buildings			97 500
Bills Payable				Freehold Cottages			17 500
Mortgages				Leasehold Property			5 000
Sundry Creditors				Plant and Machinery			100 000
Reserve for Income Tax	10 000			Motor Vehicles			10 000
Reserve for Corporation Profits Tax	1 750			Fixtures and Fittings			12 000
				Loose Tools			14 000
				Stock	35 000		80 500
Bailey Manufacturing Co. Ltd				Sundry Debtors	1 750		
(Vendors)				Less Bad Debts Reserve			
				Investments			93 250
				Inland Revenue Claim			10 000
							13 000
							£392 750

Each shareholder would receive $\frac{£275\ 000}{£150\ 000}$ shares in exchange for each £1 share, i.e. $\frac{11}{5}$ shares for each £1 share

EXERCISE XVI No 1 (Form No 1.)

MANUFACTURING ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19..

Cr.

(a) Prime Cost Account

Dr.

To Stocks at start—															
Raw Materials	6 273	11	4												
Partly manufactured Goods	7 985	12	6												
By Stocks at finish—															
Raw Materials				14 259	3	10									
Partly manufactured Goods				22 447	16	3									
Purchases of Raw Materials				159	3	8									
" Freight and Carriage on Raw Materials				22 587	18	2									
" Productive Wages															

EXERCISE XVI No 1 (Form No 1) (cont'd)

Dr TRADING ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19.. Cr

	£	s	d		£	s	d
To Stock of Manufactured Goods at start	5 674	13	9	By Sales	73 086	14	2
" Manufacturing Account	53 093	0	2	Less Returns Inwards	2 378	12	7
(Cost of Goods manufactured, as per Account (b))							
" Balance, GROSS PROFIT c/d	17,449	12	2	" Stock of Manufactured Goods at close			
	£ 76 217	12	1		70,708	1	7
					5 509	10	6
					£ 76,217	12	1

Dr PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 19.. Cr

						£	s	d
				By Trading Account		17,419	12	2

	£	s	d	£	s	d	£	s	d
<i>To Stocks at start—</i>									
Raw Materials	6 273	11	4						
Partly manufactured Goods	7 985	12	6						
				14 259	3	10			
<i>• Purchases of Raw Materials</i>				22 437	16	3			
				38 697		1			
<i>Less—Stocks at finish</i>									
Raw Materials	4 916	13	2						
Partly manufactured Goods	10 408	16	5						
				15 325	9	7			
<i>To Carriage and Freight on Raw Materials</i>				1 371	10	6			
<i>Manufacturing Wages</i>				459	9	9			
				2 887	18	2			
<i>PRIME COST OF PRODUCTION</i>				44 418	12	4			
<i>Add Factory Overhead</i>	9 030	8	11						
<i>+ 1 proportion on Partly manufactured Goods 1st Jan</i>	1 396	18	5						
	10 417	7	4						
<i>- 1 proportion on Partly manufactured Goods carried forward</i>	(742	11	6						
				8 674	13	10			
<i>FACTORY COST OF PRODUCTION</i>				53 093	6	2			
<i>+ Balance (Gross Profit on Production)</i>				5 378	10	6			
				58 472	1	8			
				58 472	1	8			

EXERCISE XVI—No 1 (Form No 2) (contd.)

Dr TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19.. Cr

	£	s	d	£	s	d
To Stock of Manufactured Goods at start	5 674	13	9	By Sales	73 086	14 2
" Manufacturing Account	58 472	1	8	Less Returns Inwards	2 378	12 7
(Trade price of goods)						
Less Stock of Manufactured Goods at close	64 146	15	5		70 708	1 7
	5 509	10	6			
PRIME COST OF SALES	58 637	4	11			
Balance, Gross Profit on Sales	12 070	16	8			
	70,708	1	7		£ 70 708	1 7

Dr PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19.. Cr

	£	s	d
By Manufacturing Account	5 378	15	6
" Trading Account	12 070	16	8
	£ 17 449	12	2

EXERCISE XVI—No 3 (a)

Dr

SPINNING ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19..

Cr.

	£	s	d		£	s	d		£	s	d	
To Cotton	82	616	10	5								
" Brokerage Charges etc	297	13	8						6	816	12	9
" Freight and Carriage	1	187	12	9					2	632	5	11
" Wages and Salaries	17	802	15	4					89	14	7	
" Coal £1 987/11½ Oil, Tallow etc £306/14/8	2	294	6	1								
" Gas Electric Light and Water	265	10	3						9,538	13	3	
" Cards, Ropes, Roller Leather and Cloth	786	2	10						100,950	18	4	
" Skips, Bobbins and Skewers	208	10	6									
" Brushes Starch and Binding	286	14	7									
" Strapping and Laces	121	16	9									
" Packing Paper and Twine	297	3	8									
" Rates Taxes and Insurance	436	3	10									
" Mill Charges and Sundry Stores	206	14	8									
" Horse and Stable Expenses	187	6	7									
" Repairs to Buildings, Engine Boiler Gearing etc	1	287	14	6								
" Depreciation of Plant and Machinery	2,206	15	2									
	£110	489	11	7					£110,489	11	7	
By Sale of—												
Yarns												
Waste												
Sundries												
" Balance transferred to Trad- ing Account												

EXERCISE XVI No. 3 (b)

BALANCING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19 . .

	£	s	d	£	s	d	£	s	d
To Purchases of Yarns etc . . .	4	106	12	5					
Freight and Carriage . . .		763	14	9					
Wages and Salaries . . .	28	780	15	6					
" Coals £1 127/14/11 Tallow Oil- etc £165 2/9	1	292	17	8					
" Gas Electric Light and Water	1	28	16	7					
" Shuttles Pickers Picking Bands etc	5	38	10	8					
Reeds Combs and Heads	3	09	14	6					
Brushes and Sundries . . .	1	05	3	10					
Strapping and Laces . . .		96	12	3					
Skips Bobbins and Skewers	1	14	3	6					
" Flour and Sizing Materials	1	294	11	7					
" Rates Taxes and Insurance	2	25	13	4					
" Mill Charges and Sundry Stores	1	97	10	5					
" Horse and Stable Expenses	1	12	4	10					
" Repairs to Buildings Engines Boilers etc	4	78	13	6					
Depreciation of Plant and Machinery . . .	2	087	19	5					
	40	934	14	9					
	£								

EXERCISE XVI—No. 3 (c)

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19..

To Stocks of Cloth 1st Jan —	£	s	d
At Mills,	40 785	10	2
At Warehouse	75 016	11	6
At Bleachers and Dyers	9 528	16	8
Goods Purchased			
" Bleaching Dyeing and Printing			
" Carriage			
" Packing			
" Spinning Account (Amount transferred)	100 950	18	4
" Weaving Account (Amount transferred)	40 702	12	11
" Balance (Gross Profit)			

By Sales of Cloth—	£	s	d
Grey	61 728	15	6
White	160 906	14	11
Dyed	12,614	13	8
Sales of Bought Goods	235 250	4	1
Stocks of Cloth 31st Dec —	9 427	13	6
At Mills,	40 753	2	10
At Warehouse	76 017	14	8
At Bleachers and Dyers	8,426	11	9
	125,197	9	3
	£369,875		
	6 10		

EXERCISE XVI—No 4

THE NEWBELL BRICKWORKS

Dr MANUFACTURING AND TRADING ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19 Cr

	£	s	d	£	s	d	£	s	d
To Coal Consumed									
Stores Consumed									
Rat ons				1 897	15	2	9 671	18	9
Wages				256	7	9	716	15	8
Stable Expenses				763	2	10			
Rent				2 916	14	7	10 388	14	5
Carriage Inwards				12	3	8	972	5	10
Repairs and Renewals				165	10				
Medical Fees				438	12	9			
Depreciation—				247	6	5			
Plant	106	2	11	12	12				
Machinery	195	13	6						
Tools	203	4	7						
Pumping Plant	12	6	9						
Railway Siding	10	14	5						
Balance (Gross Profit)				598	2	2			
				2 178	1	3			
				£9 416	8	7	£9 416	8	7

TRADING AND PROFIT AND LOSS ACCOUNT

Dr

FOR THE YEAR ENDED 31ST DECEMBER, 19

Cr

	% on Sales	£	s	d	% on Sales	£	s	d
To Stock, 1st Jan.		8 947	10	6		23 529	16	8
" Purchases (Net)		12,056	3	7		1 628	19	2
Less Stock, 31st Dec		21 003	14	1		25,158	15	10
PRIME COST OF SALES		9 765	19	3		1 263	5	1
Carriage Inwards	47 03	11 237	14	10		23 895	10	9
" Wages	7-78	1 857	10	2				
" Balance GROSS PROFIT	15 00	3 585	16	2				
	30 19	7 214	9	7	100 00			
	100 00	23 895	10	9	100 00	23 895	10	9
To Salaries	2 04	486	12	5				
" Commission	1-37	327	5	10				
" Advertising	1 37	326	13	7				
" Discount	1 60	384	9	4				
" Rent Rates and Taxes	1 57	375	14	5				
" Carriage Outwards	1-48	352	17	9				
" Trade Expenses	1 57	375	11	4				
" Bad Debts	1 37	327	6	10				
" Depreciation	1-61	384	15	8				
" Interest on Capital	1 08	257	11	6				
" Balance NET PROFIT	15 13	3 615	10	11				
	30 19	7,214	9	7	30 19	7,214	9	7

EXERCISE XVI No 6

KRYNN GOLD MINING CO. LTD

9
FINE WORKING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

[illegible]

"KOOMRIE" TOBACCO PLANTATIONS, LTD

PLANTATION WORKING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

	£	s	d	£	s	d	By Proceeds of Sale of Tobacco	£	s	d
To <i>Plantation Wages</i> —										
Planting	13	0	16	14	8					
Manufacturing	4	4	08	12	2					
						17	4	25	6	10
" <i>Plantation Salaries</i> —										
European Staff	7	0	87	3	11					
Native Overseers	2	0	07	16	5					
Native Watchmen	8	9	6	7	10					
						9	9	91	8	2
" Coolie Expenses (Brokerage Passage Money etc.)						2	9	36	11	6
" Hospital Working Expenses						1	0	16	4	8
" Transport Expenses						1	0	37	2	6
" General Plantation Expenses						1	2	16	18	7
" Stable Expenses						6	0	2	10	9
" Loss (by death) of Advances to Coolies						5	3	6	5	2
" Wastage of Live Stock (Ponies Bullocks, etc.)						4	8	7	9	4
" Commission on Sale of Tobacco						3	0	26	13	3
" <i>Repairs Renewals & Depreciation</i>										
Railway	1	6	7	19	5					
Steam Launch, Lighters, etc	3	4	6	2	9					
Loose Tools	3	0	7	14	8					
Pier, Wharf, etc	2	6	5	10	6					
Ways Roads, etc	1	3	28	11	4					
Buildings, etc	3	5	16	13	5					
						5	9	32	12	1
						16	6	08	15	8
" Balance (Gross Profit)						£		60	8	17
									18	6
								£	60	8
									17	6

THE WESTERN STAR NEWSPAPER CO LTD

PRODUCTION ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19

637

EXERCISE XVI.—No 9.

THE "BEXTON" STEAM TRAWLER CO.

Dr.

WORKING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cr.

	£	s	d	£	s	d	£	s	d.
To Coal and Oil				147	10	9			
" Repairs and Renewals				80	12	5			
" Landing Dues				10	8	6			
" Harbour Dues				8	4	3			
Wages—									
General	148	10	9						
Fishermen	150	6	5						
Casual	18	14	7						
Commission				317	11	9			
" Ropes, Stores etc				20	—	6			
" Net Braiding, Mending, and Tarring				50	13	6			
" Carpentering				14	11	5			
" Painting				12	9	7			
" Salvage Claims				11	8	4			
" Balance (Gross Profit)				20	16	5			
				301	5	10			
				£995	12	9			
							£994	8	10
							1	3	11

By Sales of Fish
" Sales of Old Rope, etc.

EXERCISE XVI No 10

THE OVERSLEY CANAL CO
WORKING ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19

Dr Cr

	£	s	d		£	s	d
To Maintenance Dredging and Ice Breaking	3 506	13	8	By Toll Traffic Receipts	7 406	13	6
Rents Payable	1 857	10	6	Freight Traffic Receipts	14 517	11	8
Rates Taxes and Insurance	1 314	14	5				
General Charges	1 706	15	4	Less Traffic Expenses	21 924	7	2
Depreciation of Boats Horses and Carrying Plant	802	9	10	Net Traffic Receipts	11 986	14	4
Balance (Gross Profit)	5 189	15	4	Rents Receivable	9 977	12	10
				Miscellaneous Receipts	3 914	16	7
					85	9	8
					£ 13 937	19	1

THE "WIDE SLAS" NAVIGATION CO., LTD.

WORKING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19..

Dr.

Cr.

	£	d	£	s	d	£	s	d
To Navigation Expenses—								
Coal, Oil, and Water	608	126	10	9		1,025,716	15	8
Dues, Towing, Pilotage etc.	148	705	15	6		1,306,578	10	6
Pay of Officers and Crew	282	856	11	5		250,000		
" Provisioning of Passengers Officers and Crew			1	040	688	17	8	
" Suez Canal Dues			257	493	18	4		
" Miscellaneous Expenses—			289,586	16	8			
Damages Claims and Law Charges	12	000	10	6		10,000		
Expenses of Steamers laid up	9	857	4	11				
Quarantine Charges	1	625	17	5				
" Ships' Repairs, Stores, & General Maintenance			23,483	12	10			
" Insurance Charges and General Average Claims			165,714	6	7			
" Depreciation of Fleet etc			18	409	13	4		
" Balance (Gross Profit)			327,916	15	6			
			469,001	5	3			
			£2,592,295	6	2	£2,592,295	6	2

EXERCISE XVI—No 13

(a) *Cost of Material Used*

	£	s	d
Stock of Raw Materials	1,200	—	—
Add Purchases	12,000	—	—
„ Carriage	6,000	—	—
	£19,200	—	—
Less Materials in hand at close	1,400	—	—
COST OF MATERIALS USED	£17,800	—	—

(Note—Carriage is included in above statement as it is an element of cost usually inseparable from the cost of purchase.)

(b) *Value of Output*

	£	s	d
Sales	42,000	—	—
Add Stock of Finished Goods unsold	3,500	—	—
	£45,500	—	—
Less Stock of Finished Goods (at commencement)	4,000	—	—
	£41,500	—	—

(c) *Percentage of Gross Profit on Sales*

$$\frac{\text{Gross Profit } £8,700 \times 100}{\text{Sales } £42,000} = \underline{\underline{20.71\%}}$$

EXERCISE XVI—No 14

COST FIGURES OF THE £2,000 ORDER

	£	s	d
Materials	602	—	—
Wages	880	—	—
Works Overhead $\left(\frac{\text{Cost of Order } £2,000 \times 100}{\text{Total Orders } £50,000} = 25\% \text{ of Wages} \right)$	220	—	—
Office „ $\left(\frac{\text{Wages of Order } £880 \times \text{Office Overhead } £1,300}{\text{Total Wages } £26,000} \right)$	44	—	—
	£1,746	—	—
PROFIT ON ORDER	254	—	—
Price of Order Executed	£2,000	—	—

EXERCISE XVI—No 15

PERCENTAGE STATEMENT

<i>Dr</i>	1st Year	% on Out put	2nd Year	% on Out put	% on Out put	Two Years Total	Avg % on Out put		1st Year	% on Out put	2nd Year	% on Out put	% on Out put
To Stocks 1st Jan	£ 6 000		£ 5 000			£ 11 000	Total Output %	By Sales	£ 30 000		£ 17 000		
Add Purchases	17 500		14 000			31 500	100 000	Finished Work (at end)	6 000				
								Less Finished Work 1st Jan	3 000				
Less Stocks 31st Dec	23 500		19 000			42 500		Finished Work Jan			3 000		
	5 000		7 000			12 000		Less Finished Work 31st Dec					
COST OF MATERIAL	18 500	63 80	12 000	60 00		30 500	62 24	Output					
To Wages	7 500	25 86	4 800	24 00		12 300	25 11		4 000				
Expenses	2 000	6 89	1 200	6 00		3 200	6 53		3 000				
Balance Gross Profit .	1 000	3 45	2 000	10 00		3 000	6 12						
	£ 29 000	100 00	20 000	100 00		49 000	100 00		£ 29 000	100 00	20 000	100 00	
									£ 29 000	100 00	20 000	100 00	

THE BLANKSHIRE IRON CO. LTD.

FURNACE ACCOUNT FOR THE YEAR ENDED 30TH JUNE 19.

FURNACE ACCOUNT FOR THE YEAR ENDED 30TH JUNE 19.		Gr.	
Dr.		£	s d.
To Coal Purchased.		7 320	- -
" Coke and Limestone Purchased		19 550	- -
" Ironstone Purchased.		7 461	- -
" Wages (Furnace)		6 842	- -
		£ 41 173	- -
	By Sales of Waste Materials and By-products		
	Balance (Cost of Production of Pig Iron transferred to Trading Account)		
		£ 41 173	- -

TRADING ACCOUNT FOR THE YEAR ENDED 30TH JUNE 19..

TRADING ACCOUNT FOR THE YEAR ENDED 30TH JUNE 19..		
Dr	£	s d
To Furnace Account (Balance, being Cost of Production of Pig Iron)	35 311	- -
" Stock of Pig Iron, 1st July	9 402	- -
" Trade Charges	5 424	- -
" Balance Gross Profit c/d	21 530	- -
	£ 71,667	- -
By Sales of Pig Iron		- -
" Stock of Pig Iron, 30th June		- -
	£ 71,667	- -

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 19..

Profit and Loss Account for the Year ended 30th June, 19..									
Dr								Cr	
		£	s	d		£	s	d	
To Office Salaries :	.	3	401	-	By Trading Account b/d	.	21	530	.
" Directors' Fees :	.	1	500	-	" Interest	.	321	-	.
" Bad Debts	.	1	680	-	" Transfer Fees.	.	52	-	.
" Depreciation	.	3	890	-					
" Balance, Net Profit .	.	11	432	-					
		£	21	903			£	21	903

PERCENTAGE STATEMENT

	1st Year	% on Pro duc tion	2nd Year	% on Pro duc tion		1st Year	% on Pro duc tion	2nd Year	% on Pro duc tion
Materials used	£ 22 389	61 39	£ 21 427	59 09	Goods Produced	£ 36 468	100 00	£ 36 261	100 00
Wages	7 495	20 55	7 577	20 89					
Rent and Power	1 659	4 55	1 655	4 56					
Carriage	513	1 40	494	1 36					
Trade Expenses	303	0 83	309	0 85					
Gas and Water	213	0 60	240	0 66					
Travellers	719	2 00	763	2 10					
Repairs	426	1 16	563	1 55					
Insurance	78	0 21	78	0 21					
Depreciation	600	1 64	590	1 60					
	£ 34 995	94 33	£ 33 688	92 87		£ 36 468	100 00	£ 36 261	100 00

Note—The results shown may appear incomplete They display all that is asked for in the question The necessary item to balance would be of course Net Profit

EXERCISE XVI—No. 18.

JAMTS THOMPSON

Dt. MINE WORKING ACCOUNT FOR THE HALF-YEAR ENDED 30TH JUNE 19 .

	£	s	d	£	s	d	£	s	d	£	s	d
To Stocks 1st Jan												
Materials used—												
Coals	1 260			4 850						36,700		
Candles	390									500		
Powder	372											
Ropes	53											
Timber	1 280											
Royalties				3 355								
Carriage and Freight				5 000								
Wages				913								
Repairs				12 684								
Depreciation—				360								
Machinery and Plant	88	1										
(5% of £3 522 for 1 year)												
Lease (1/4 of 1/2 of £16 500)	550											
Balance (Working Profit)				638	1							
				13,399	19							
				£41,200						£41,200		

MESSRS J BERRY & I FLOWER

FURNACE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

Cr

Dr

	£	s	d	£	s	d	£	s	d
To Consumption of—									
Coal (including Carriage)	6 047	—	—						
Coal (including Carriage)	17 546	—	—						
Limestone (including Royalties etc)	1 513								
Ironstone (including Royalties etc)	5 707	—	—						
				30 813					
				8 037					
				559					
General Wages									
Salaries of Furnace Experts									
				£ 39 409					
							£ 39 409	—	—

By Trading Account
(Cost of Production of Pig
Iron transferred)

TRADING ACCOUNT (PIG IRON) FOR THE YEAR ENDED 31ST DECEMBER 19

Cr

Dr

	£	s	d	£	s	d
To Furnace Account (Cost of Production of Pig Iron)						
Stock of Pig Iron 1st Jan	39 409					
Balance Gross Profit	12 268					
	13 032	—	—			
				£ 64 709		
				£ 64 709	—	—
				54 056		
				103		
				10 550		
				£ 64 709	—	—

By Sales of Pig Iron
Factory Consumption of Pig
Iron
Stock of Pig Iron 31st Dec

EXERCISE XVI—No 19 (contd.).

MESSRS. J BERRY & L FLOWER

Dr.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

	£	s	d	£	s	d		£	s	d
To Materials and Stores (including Foundry Charges and Repairs to Locomotives)							By Trading Account			
" Travelling Expenses				1,198	-	-	" Branch Railway Income		13,032	-
" Rates and Taxes				40	-	-	" Wagon Hire		705	-
" Land Damages and Compensation				657	-	-	" Interest		278	-
" General Charges				60	-	-			199	-
" Managers Salary				92	-	-				
" Bad Debts Reserve				500	-	-				
" (Addition thereto)				591	-	-				
" Depreciation—										
Coal and Coke Wagons	150	-	-							
Works Plant Rolling Stock &c	2,500	-	-							
" Balance, Net Profit c/d				2,650	-	-				
				8,426	-	-				
				£	14	214			£	14,214
To Capital Accounts—							By Balance (Net Profit) b/d.			
J. Berry ½ share				4,213	-	-				
L. Flower, ½ share				4,213	-	-			8,426	-
				£	8,426	-			£	8,426

EXERCISE XVI—Nos. 20 and 22

			<i>Advanced Accounts</i>
For Examples of	{	Manufacturing Account (prime cost only)	see page 777
		" " (cost of production)	" " 778
		Working Account of a Mine	" " 787
		" " of a Canal Company	" " 789
		Furnace Account (both ways)	see pages 781-3

EXERCISE XVI—No. 21

The main reasons in support of the 'prime cost basis of the construction of the Manufacturing Account are set out on page 777 of *Advanced Accounts*.

EXERCISE XVI—No 23

See answers at end of *Advanced Accounts*

EXERCISE XVI—No 24

See answers at end of *Advanced Accounts*.

COMPARATIVE TRADING ACCOUNTS

Dr

	1st Year	% on Turn over	2nd Year	% on Turn over		1st Year	% on Turn over	2nd Year	% on Turn over
To Stock 1st July	£		£		By Sales	£ 6 000	100 00	£ 11 300	100 00
• Purchases	10 000		5 400						
	10 000		11 000						
Less Stock 30th June	5 400		16 400						
			7 700						
PRIME COST OF GOODS	4 600	76 67	8 700	77 00					
Freight and Duty	850	14 17	1 200	10 62					
Packing Cases	200	3 33	350	3 09					
Wages	200	3 33	250	2 21					
Balance GROSS PROFIT c/d	150	2 50	800	7 08					
	£ 6 000	100 00	£ 11 300	100 00		£ 6 000	100 00	£ 11 300	100 00
To Salaries—					By Trading Account	150	2 50	800	7 08
Manager	600	10 00	1 000	8 85	Balance NET LOSS	1 970	32 83	1 780	15 75
General Manager	400	6 67	500	4 42					
Commission—									
Manager	300	5 00	nil						
General Manager	50	83	40	35					
Travelling	400	6 67	360	3 19					
Advertising	150	2 50	300	2 66					
Posting and Telegrams	100	1 66	200	1 77					
General Expenses	120	2 00	180	1 59					
	£ 2 120	35 33	£ 2 580	22 83		£ 2 120	35 33	£ 2 580	22 83

EXERCISE XVI—No 26.

Dr. MANUFACTURING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19.

	£	s	d	£	s	d	£	s	d
To Stock, 1st Jan . . .	1 500	-	-						
" Purchases . . .	2 000	-	-						
	3 500	-	-						
Less Stock, 31st Dec . . .	1 800	-	-						
				1 700	-	-			
Carriage Inwards . . .				100	-	-			
" Manufacturing Wages . . .				2 000	-	-			
				3 800	-	-			
				£3,800	-	-			
							£3,800	-	-

Dr

	s	d.
To Manufacturing Account :		-
" Balance, Gross Profit :		-
	By Sales . . . . .	.
	£	s d.
	3 800	- -
	2 200	- -
	£6 000	- -
	£6 000	- -

EXERCISE XVI No 26 (contd.)

Dr		By Trading Account Discount on Purchases		Cr	
		£	s d	£	s d
To Office Salaries		410			
Discount on Sales		150			
Carriage Outwards		120			
Printing and Stationery		70			
Rent and Rates		390			
Travelling Expenses		130			
General Expenses		990			
Balance Net Profit		740			
		£2 300		£2 300	

The percentage of net profit to the manufacturing cost = $\frac{740 \times 100}{3800} = 19.47\%$

EXERCISE XVI—No 27.

(a)

JOURNAL

19..			£	s	d	£	s	d
Jan 1	B	Dr	200	-	-	200	-	-
	To Sales							
" 1	Bills Receivable	Dr	200	-	-	200	-	-
	To B							
	Acceptance at three months							
" 1	J	Dr	200	-	-	200	-	-
	To Bills Receivable							
	Endorsement of B's acceptance							
			£600	-	-	£600	-	-

(b) The purchase of a special mechanical scale will first be recorded in the Journal as it is not viewed as a "trade" purchase

JOURNAL

		£	s	d	£	s	d
	Machinery Account	Dr	200	-	-	200	-
	To Exact Scale Manufacturing Co., Ltd						

(c)

JOURNAL OF A

		£	s	d	£	s	d
(1)	Returns Inward	Dr	5	-	-	5	-
	To Jones, Ltd						
(3)	Jones Ltd	Dr	9	-	-	9	-
	To Returns Outward and Allowances Account						
	Jones Ltd (Bought Ledger)		55	-	-	55	-
	To Jones, Ltd (Sales Ledger)						
			£69	-	-	£69	-

JOURNAL OF JONES, LTD

		£	s	d	£	s	d
(1)	A	Dr	5	-	-	5	-
	To Returns Outward						
(3)	Returns Inward and Allowances Account	Dr	9	-	-	9	-
	To A						
	A (Bought Ledger)		55	-	-	55	-
	To (Sales Ledger)						
			£69	-	-	£69	-

EXERCISE XVI—No 27 (contd.)

(c)

A's Cash Book (Debit side)		Jones Ltd Cash Book (Credit side)	
To Jones Ltd (Returned cheque)	£20	By A (Dishonoured cheque)	£20

(a)

LEDGER

Dr		SALES ACCOUNT		Cr	
			By B	£	200
Dr		BILLS RECEIVABLE ACCOUNT		Cr	
	To B	£	200	By J	£
Dr		B		Cr	
	To Sales	£	200	By Bills Receivable	£
Dr		J		Cr	
	To Bills Receivable	£	200		

(b)

LEDGER

Dr		MACHINERY ACCOUNT		Cr	
	To Excel Manufacturing Co Ltd	£	200		
Dr		EXACT SCALE MANUFACTURING CO LTD		Cr	
			By Machinery	£	200

(c)

A's BOUGHT LEDGER
JONES LTD

Dr		Cr	
19	To Returns Outward etc Jones Ltd Account n Sales Ledger Cash	19	By Balance b/f Cheque
	£		£
	9		200
	50		20
	381		
	£340		£340

EXERCISE XVI—No. 27 (contd.)

A's SOLD LEDGER

Dr				JONES, LTD				Cr.			
19	To Balance . . .	£	s	d	19	By Returns Inward " Jones' Account in Bought Ledger	£	s	d		
		60	-	-			5	-	-		
							50	-	-		
		£60	-	-			£60	-	-		

JONES, LTD, BOUGHT LEDGER

Dr				A				Cr			
19	To Returns Outward , As Account in Sales Ledger	£	s	d	19	By Balance	£	s	d		
		55	-				60	-			
		60	-				60	-			

JONES SOLD LEDGER

Dr				A				Cr			
19	To Balance	£	s	d	19	By Returns Inward and Allowances Account	£	s	d		
	" Cheque	320	-	-		As Account in Bought Ledger	9	-	-		
		25	-	-		" Cash	50	-	-		
							281	-	-		
		£345	-	-			£345	-	-		

EXERCISE XVI—No. 28

Item	Nature of Expenditure
(1) Sale of Old Plant	Capital
(2) Purchase of Patent Rights	Capital
(3) Renewal Fee for (2)	Revenue
(4) Purchase of Delivery Vans	Capital
(5) Purchase of New Wheels for (4) at a later date	Revenue
(6) Installation of Electric Light, etc	Capital
(7) Depreciation of (6)	Revenue
(8) Purchase of Plant and Machinery	Capital
(9) Repairs to (8)	Revenue
(10) Extension of Water Mains by a Water Company also replacement of existing Mains	Capital and Revenue (See Note)
Note.—The means of allocating expenditure between capital and revenue are fully explained on page 849 of <i>Advanced Accounts</i>	

EXERCISE XVI—No 29

The January monthly summary of F's Ledger will be £10 too little and the G Ledger will be in excess by that amount

The Adjustment Accounts of the Sales Ledgers will show F's credit balance less by £10 and G's more by £10 than is correct

EXERCISE XVI—No 30

See *Advanced Accounts* pages 323 and 324

EXERCISE XVI—No 31

Dr		VENDORS ACCOUNT			Cr				
19		£	s	d	19	£ s d			
Apr 1	To Cash (Deposit)	3 000			Apr 1	By Purchase of Business	33 000		
	Rent Due	15	7	8		Telephone Rent pre			
	Gas and Electric					paid	10	1	11
	Light due	86	17			Fire Insurance pre			
	Water Rate due	2	10			paid	6	6	6
	Amounts received on					Plate Glass Insur			
	account of the Co	10 94	13	5		ance prepaid	2	7	
July 1	Balance c/d	21 457	10	10		Amounts paid on			
						a/c of the London	2 485	15	6
		£	35 594	19 11			£	35 594	19 11
July 1	To Share Capital A/c—				July 1	By Balance b/d	2 47	10	10
	A lotment of 25 000					Interest	58	4	5
	Share of £1 each	2 000				" Balance c/d	3 274	4	9
	as fully paid up								
		£	25 000				£	25 000	
	To Balance b/d	3 274	4	9					

EXERCISE XVI—No 32

Dr		CONSIGNMENT ACCOUNT			Cr				
19	To Goods on Consignment	£	s	d	19	By B B ngalee	£	s	d
	Cash	2 000				(Account Sales)	2 500		
	A Andrews & Co	70							
	(Commission)	85							
	Balance	345							
	Profit on Consignment								
		£ 2 500					£ 2 500		

Dr		BILLS RECEIVABLE			Cr		
19	To B Bengalee	£	s	d	19	By Bank	£ s d
		1	500				1 500

EXERCISE XVI—No 32 (contd)

Dr.		BANK ACCOUNT		Cr.			
19.	To Bills Receivable " B Bengalee	£ 1,500 915	s d	19	By Banker's Discount " Consignment Charges	£ 15 70	s d

Dr		B BENGALEE		Cr.			
19	To Consignment (Account Sales)	£ 2 500	s d	19	By Bills Receivable " Consignment " Cash	£ 1,500 85 915	s d
		£ 2 500	- -			£ 2 500	- -

Dr		DISCOUNT ACCOUNT		Cr	
19	To Bank	£	s d		
		10	- -		

EXERCISE XVI—No 33

Dr		JOINT VENTURE ACCOUNT		Cr	
19		£	s d	19	
	To Purchase of Debentures	200 000	- -		By Sales of Debentures i.e.
	Cost of Issue	6 000	- -		200 000 £1 each
	.. Balance Net Profit				@ 5% premium
	Smith £2 000				
	Jones 2 000				
		4 000	- -		
		210 000	- -		
		</			

Dr	SMITH'S ACCOUNT		Cr	
19	To Purchase of Debentures i.e. 20,000 £1 ea. @ 5% premium	£ 21,000	19	By Cash (Contribution to Joint Venture)
	Balance	103,000		Sales i.e. 20,000 Debentures of £1 @ premium of 10%
				Share of Profit on Venture
		£124,000		

EXERCISE XVI—No 33 (contd)

Dr		JONES ACCOUNT				Cr			
19		£	s	d	19		£	s	d
	To Purchase of Debentures	3 150	-	-		By Cash	100 000	-	-
	i.e. 3 000 £1 each					(Contribution to			
	@ 5% prem					Joint Venture)			
	Balance	102 120	-	-		Sales of Debentures	3 270	-	-
						i.e. 3 000 £1 each			
						@ 9% premium			
						Share of Profit on	2 000	-	-
						Venture			
		£105 270					£105 270		

EXERCISE XVI—No 34

B's LEDGER

Dr			A's ACCOUNT			Cr				
19			£	s	d	19		£	s	d
Jan 1	1	To Goods	500			Jan 1	1	By Bills Receivable	500	
July 3	3	C (Bankers)	500			July 3	3	C (Bankers)	100	
	3	Interest	12				3	Bills Receivable (3 mos.)	200	
							3	Bills Receivable (6 mos. including Interest)	212	5 2
			£1 012	5	2				£1 012	5 2

Dr		DISCOUNT ACCOUNT				INTEREST ACCOUNT		Cr	
19		£	s	d	19	£	s	d	
Mar 31	To C (Bankers)	12	10	-	July 3	By A	12		2

Dr		BILLS RECEIVABLE ACCOUNT						Cr	
19 Jan 1	To A	£	s	d	19 Mar 31	By C (Bankers)	£	s	d
July 3	A— (3 mos) £200 — (6 mos) 212 5 2	500					500		
		412	5	2					

Dr		C (BANKERS)				Cr			
19 Mar 31 July 3	To Bills Receivable A	£ 500 100	s	d	19 Mar 31	By Discount Charges (5% for 3 mos) A (including Noting Charges)	£ 12 500	s 10 0	d - 0

EXERCISE XVI—No 35

D^r INCOME AND EXPENDITURE ACCOUNT AS AT 31st DECEMBER 19.. Cr

EXPENDITURE	£	s	d	£	s	d	INCOME	£	s	d
To Rent							By Entrance Fees	500	-	-
" Rates Taxes, Lighting etc							" Annual Subscriptions	436	-	-
" Secretary's Remuneration							" Special Call on Members	150	-	-
" Stewards' and Servants' Wages							" Receipts—	600	-	-
" Printing Stationery							Cards and Billiards	145	-	-
" Law Charges							" Profit on Sales	18	-	-
" Washing Liveries, etc								107	-	-
" Repairs to House Furniture								409	-	-
" Conversation Expenses								95	-	-
" Interest on Loan								6	-	-
" Amounts written off—										
Furniture	123	-	-							
Structural Improvements	100	-	-							
				223	-	-				
				34	-	-				
" Surplus of Income over Expenditure				£2,723	-	-				
								£2,723	-	-

C.

19 Dec 31	To Drawings Account	£ 411	s 10	d 10	19 Jan 1	By Cash	£ 3 000	s	d
" 31	Balance c/d	3 876	13	1	Dec. 31	Interest on Cap to Share of Profit	150		
							887	13	11
		£4 037	13	11			£4 037	13	11

Cr

19 Dec 31	To Drawings Accou	£ 359	s 13	d 6	19 Jan 1	By Cash	£ 2 000	s -	d -
" 31	Balance c/d	2 374	8	5	Dec 31	Interest on Cap tal	100	-	-
						Share of Profit	634	1	5
		£ 734	1	5			£ 2 734	1	5

19 Dec. 31	To Drawings Account	£ 358	s 4	d 7	19 Jan 1	By Cash	£ 1 000	s	d
31	Balance c/d	1 399	6		31	Interest on Capital	50		
					31	Share of Profit	507	5	1
					31	Salary	200		
		£1 757	0	1			£1 757	5	1

D & DRAWINGS ACCOUNT

		Mths	Interest			Amount		
19			£	s	d	£	s	d
Mar	1 To Cash	10	4	3	4	100		
May	1 Cash	8	2	10		75		
July	1 Cash	6	3	2	6	125		
Sept	1 Cash	4		16	8	50		
Nov	1 Cash	2		8	4	50		
Dec	31 Interest					11		10
	Total transferred to DEBIT of Cap A/c					£411		10

EXERCISE XVI—No 36 (contd)

Dr E's DRAWINGS ACCOUNT

		Mths	Interest			Amount		
			£	s	d	£	s	d
19								
Jan 1	To Cash	12	2	10	-	50	-	-
Feb 1	" Cash	11	2	5	10	50	-	-
Apr 1	" Cash	9	1	17	6	50	-	-
Aug 1	" Cash	5	2	1	8	100	-	-
Oct 1	" Cash	3		17	6	70	-	-
Dec 1	" Cash	1		2	6	30	-	-
" 31	Interest					9	15	-
	Total transferred to DEBIT of Cap A/c					£359	15	-

Dr F's DRAWINGS ACCOUNT

		Mths	Interest			Amount		
			£	s	d	£	s	d
19								
Mar 1	To Cash	10	3	2	6	75	-	-
June 1	" Cash	7	2	3	9	75	-	-
Aug 1	" Cash	5	2	1	8	100	-	-
Oct 1	" Cash	3		12	6	50	-	-
Dec 1	" Cash	1		4	2	50	-	-
" 31	" Interest					8	4	7
	Total transferred to DEBIT of Cap A/c					£358	4	7

EXERCISE XVI—No 36 (contd.)

Dr PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19 Cr

To Interest on Capital Accounts—				By Profit on Trading							
£	s	d	£	s	d	£	s	d	£	s	d
D 5% on £3 000 for 1 year				Interest on Drawings A/cs—							
E 5% on £2 000 for 1 year				D							
F 5% on £1 000 for 1 year				L							
				I							
				300							
				200							
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EXERCISE XVI—No 37

See *Advanced Accounts*, Chapter XV (page 545 onwards), for complete range of specimens of Statutory and Statistical Books, which would be necessary in addition to the ordinary Financial Records

EXERCISE XVI—No. 38

JOURNAL

19..		£	s	d	£	s	d
Jan 1	Business Purchase Account . . . To Vendor . . . Being purchase price of business as per agreement dated	50,000	-	-	50,000	-	-
" 5	Application Account . . . To Share Capital . . . 5/- per share on 35 000 shares	8,750	-	-	8,750	-	-
" 6	Allotment Account . . . To Share Capital . . . 5/- per share on 35 000 shares	8,750	-	-	8,750	-	-
Feb. 10	Vendor's Account . . . To Share Capital . . . 40,000 £1 shares issued to vendor as fully paid being part pay- ment of purchase price of busi- ness	40,000	-	-	40,000	-	-
" 10	Vendor's Account . . . To Debentures . . . 10,000 5% debentures issued to vendor to complete payment of purchase price of business	10,000	-	-	10,000	-	-
" 10	First Call Account . . . To Share Capital . . . 5/- per share on 35,000 shares	8,750	-	-	8,750	-	-
		£126,250	-	-	£126,250	-	-

CASH BOOK

(DEBIT SIDE)

19..		£	s	d
Jan 5	To Application Account . . .	8,750	-	-
" 10	" Allotment Account . . .	8 750	-	-

REALIZATION ACCOUNT

Dr		Cr	
19	To Sundry Assets Cash Expenses on Realization	19	By Cash (including Sun- dry Debtors) Balance loss on Realiza- tion transferred to Deficiency A/c— Jones Share of Deficiency £ of £390 Brown's Sh of Deficiency £ of £390 Robinson's Sh of Deficy £ of £390
		£	£
		12 620	12 350
		120	
			156
			156
			78
			990
		£ 12 740	£ 12 740

Note—The Author to complete exercise has assumed the Debtors to have realized their value also that Robinson was insolvent

DEFICIENCY ACCOUNT

Dr		Cr	
19	To Realization Account	19	By Cash— Jones Brown Robinson's Overdrawn Capital Account
		£	£
		390	156
			156
			312
			78
		£ 390	£ 390

EXERCISE XVI—No 39 (cont'd)

Dr.

SMITH'S LOAN ACCOUNT

Cr.

19..	To Cash	£	s	d	19	By Balance	£	s	d
		800	-	-			800	-	-

Dr.

CASH ACCOUNT

Cr.

19	To Balance	£	s	d	19	By Bank Overdraft	£	s	d
	" Realization Account					Sundry Creditors	1 000	-	-
	" Deficiency Account—					Exps on Realization	5 840	-	-
	Brown	156	-	-		" Jones' Loan A/c	120	-	-
	Jones	156	-	-		" Smith's Loan A/c	500	-	-
						" Capital Accounts—	800	-	-
						Jones, 19	2 660	-	-
						Brown, 17	1 862	-	-
							£ 12 782	-	-

JONES CAPITAL ACCOUNT

Dr

Cr

19	To Share of Robinson's Overdrawn A/c Cash	19		By Balance (Jones Loan A/c closed by Cash)		£ s d	
		£	s d			£	s d
		340	-			3 000	-
		2 660	-				
		£3 000	-			£3 000	-

BROWN'S CAPITAL ACCOUNT

Dr

Cr

19	To Share of Robinson's Overdrawn A/c Cash	19		By Balance		£ s d	
		£	s d			£	s d
		238	-			2 100	-
		1 862	-				
		£2 100	-			£2 100	-

ROBINSON'S CAPITAL OVERDRAWN ACCOUNT

Dr

Cr

19	To Balance Share of Deficiency	19		By Jones Cap A/c 1/4 Brown's Cap A/c 1/4		£ s d	
		£	s d			£	s d
		500	-			340	-
		78	-			238	-
		£578	-			578	-
						£578	-

EXERCISE XVI—No 40.

JOURNAL

19..		£	s	d	£	s	d
	Share Capital Account . .	150	-	-			
	To Forfeited Shares A/c . .				50	-	-
	„ Calls in Arrears A/c . .				100	-	-
	X (shareholder) . .	130	-	-			
	Forfeited Shares A/c . .	20	-	-			
	To Share Capital A/c . .				150	-	-
		£300	-	-	£300	-	-

EXERCISE XVI—No 41

JOURNAL

	£	s	d	£	s	d
Profit and Loss Account . .	76,500	-	-			
To Debenture Stock Interest . .				40,000	-	-
„ Interest on Mortgages, etc . .				10,000	-	-
„ Directors' and Trustees' Fees, etc . .				16,000	-	-
„ Loss on House . .				5,000	-	-
„ Compensation Levy . .				5,500	-	-
Balances transferred						
Profit and Loss Account . .	43,500	-	-			
To Appropriation Account				43,500	-	-
Balance transferred						
Appropriation Account . .	43,500	-	-			
To Dividends on Pref Shares . .				15,000	-	-
„ Reserve Fund . .				28,500	-	-
Balances transferred						
	£163 500	-	-	£163,500	-	-

EXERCISE XVI—No 41 (contd.)

PROFIT AND LOSS ACCOUNT

Dr

Cr

19		£	s	d	19		£	s	d
	To Debenture Stock Interest	40 000	-	-		By Balance	120 000	-	-
	Interest on Mortgages	10 000	-	-					
	Directors' Fees etc	16 000	-	-					
	Loss on House	5 000	-	-					
	Compensation Levy	5 500	-	-					
	Appropriation Account	43 500	-	-					
		£120 000	-	-			£120 000	-	-

APPROPRIATION ACCOUNT

Dr

Cr

19		£	s	d	19		£	s	d
	To Reserve Fund	28 500	-	-		By Profit and Loss Account	43 500	-	-
	Dividends on Preference Shares	15 000	-	-					
		£43 500	-	-			£43 500	-	-

TRADING AND PROFIT AND LOSS ACCOUNT

	Debit Side	A DEPT		B DEPT		C DEPT		D DEPT		Total	
		£	s	d	£	s	d	£	s	£	s
19	To Stock	2 300	-	-	1 100	-	-	700	-	4 500	-
	By Purchases	10 000	-	-	27 000	-	-	13 000	-	69 000	-
	By Gross Profit	14 700	-	-	9 900	-	-	5 280	-	31 180	-
		£41 000	-	-	£48 000	-	-	£18 980	-	£103 680	-
		30%	37%	15%	18%					100%	
	To Rent Rates etc	540	-	-	686	-	-	324	-	1 900	-
	By Marine Insurance	720	-	-	483	-	-	452	-	2 400	-
	By Salaries	540	-	-	608	-	-	324	-	1 800	-
	By Travellers Expenses	1 620	-	-	1 098	-	-	872	-	5 400	-
	By Commissions	840	-	-	444	-	-	216	-	1 200	-
	By Advertising	1 440	-	-	1 776	-	-	864	-	4 800	-
	By Stationery etc	810	-	-	697	-	-	486	-	2 700	-
	By Telegrams	180	-	-	222	-	-	108	-	600	-
	By Bank Charges	16	-	-	44	-	-	21	-	120	-
	By Discount Account	450	-	-	555	-	-	270	-	1 500	-
	By Incidental Expenses	270	-	-	344	-	-	162	-	900	-
	By Factory Loss	900	-	-	1,110	-	-	510	-	3 000	-
	By Net Profit	6 834	-	-	1,198	-	-	560	-	7,593	-
		£14 700	-	-	£9 900	-	-	£5 280	-	£31 813	-
19	By Sales	30 000	-	-	37 000	-	-	18 000	-	100 000	-
	By Stock	1 000	-	-	1 000	-	-	980	-	5,180	-
		£31 000	-	-	£38 000	-	-	£18 980	-	£105 680	-
	By Trading Accounts	14 700	-	-	9 900	-	-	5 280	-	33 180	-
	By Net Loss	£14,700	-	-	£9 900	-	-	£5 280	-	£70 813	-

EXERCISE XVI—No 42 (cont'd)

THE GENERAL TRADING CO LTD

GENERAL PROFIT AND LOSS ACCOUNT

Dr		19				Cr			
		£	s	d		£	s	d	
19	To Net Loss on C Dept	633			By Net Profits—	6 834			
	Bad Debts Reserve	300			A Dept	198	12		
	Discount Reserve	454			B Dept	560	8		
	Depreciation of Furniture	108			C Dept				
	Balance Net Profit c/d	6 098							
		£7 593				£7 593			

APPROPRIATION ACCOUNT

Dr		19				Cr			
		£	s	d		£	s	d	
19	To Half year's Dividend	450			By Profit for Year	6 098			
	Reserve Fund	3 000							
	Balance to Balance Sheet	2 648							
		£6 098				£6 098			

THE GENERAL TRADING CO., LTD.

BALANCE SHEET AS AT 30TH JUNE 19

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS.	
£	s d	£	s d
<i>Nominal Capital—</i>		Office Furniture	
20,000 6% Preference Shares of £1 each	—	1,080	—
20,000 Ordinary Shares of £1 each	—	108	—
£40,000	—	<i>Stocks—</i>	
	—	A Department	3,000
	—	B "	1,000
	—	C "	700
	—	D "	980
	—	Sundry Debtors	23,000
	—	Less Bad Debts Reserve	300
	—		5,680
	—	Less Discount Reserve	22,700
	—		454
	—	Coal Mining Syndicate Shares	22,246
	—	Bills Receivable	6,000
	—	Germanic Bank (Limited)	5,000
	—	Banque De La Republique	3,550
	—	British Bank (Limited)	2,500
	—		3,500
	—		49,448
	—		£49,448

THE CHIDDINGFOLD MANUFACTURING CO LTD

JANUARY 19

Cr

Dr	TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st JANUARY 19											
	£	s	d	£	s	d	£	s	d	£	s	d
To Stock 1st Feb	107	6	4				174	4	93			
Purchases	1	7	48				6	8	19			
Less Returns Outwards												
Carriage Dock etc etc				98	8	16						
Wages (factory)				4	7	73						
Fuel Lighting and Water				12	7	04						
Packing				-	18	3						
Balance Gross Profit c/d				34								
				44	9	43						
				£20	7	13				£202	7	13
To Advertising												
Postage and Incidental				6	4	9						
Catalogues and Price Lists				4	18							
Machinery Repairs				1	7							
Office Expenses Stationery and Telephone				8	1	1						
Less Telephone Rent prepaid				1	0	22						
				4								
Debenture Interest							9	8	7			
Directors Salaries							8	0				
Salaries and Travellers Commission				10	6	91						
Add Travellers Commission on owing				3	4	2						
				13	7	3						
Rents Rates Taxes and Insurance				3	5							
Add Rent due				5	4	1						
Less Insurance unexpired							4	0	11			
Bad Debts				2	0	3						
Bank Interest and Charges				4	2							
Legal Expenses and Audit Fee							4	18				
Doubtful Account				2	7	6						
Doubtful Reserve on Debtors (provided)							5	0				
Depreciation—												
Machinery and Plant (10% of £8750)				8	7							
Carts and Horses				2	1	4						
Buildings				9	6							
							1	9				
							19	2	91			
Balance Net Profit c/d							£44	9	43			
										£44	9	43

THE CHIDDINGFOLD MANUFACTURING CO., LTD

APPROPRIATION ACCOUNT

Cr

Dr		19				By Current Year's Profit			
		£	s	d		£	s	d	
19..	To Reserve Account	7 000	-	-					
	" Superannuation Fund	516	-	-					
	" Balance to Balance Sheet	11 775	-	-					
		£ 19 291	-	-		£ 19 291	-	-	

BALANCE SHEET AS AT 31ST JANUARY 19

		CAPITAL AND LIABILITIES			PROPERTY AND ASSETS		
		£	s	d	£	s	d
<i>Nominal Capital—</i>	50 000 6% Pref Shares of £1 each	50 000	-	-	Machinery and Plant	8 750	-
	50 000 Ord Shares of £1 each	50 000	-	-	Less Depreciation	875	-
		£100 000	-	-	Horses and Carts	720	-
<i>Issued Capital—</i>	20 000 6% Pref Shares fully paid	20 000	-	-	Less Depreciation	214	-
	5 000 Ord Shares, fully paid	5 000	-	-	Stock	19 876	-
					Sundry Debtors	500	-
<i>4½% Debentures—</i>	200 Bonds of £100 each				Less Discount Reserve		
	Reserve Fund						
	Bills Payable						
<i>Outstanding Items—</i>	Sundry Creditors				£5 000 Consols at cost		
	Rent	379	-	-	(Investment of Employees' Superannuation Fund, as per <i>contra</i>)		
	Travellers' Commission	342	-	-	Cash at Bank	5 784	-
<i>Employees' Superannuation Fund Profit and Loss Account—</i>					Cash in hand	210	-
	Bal available for Distribution				Telephone Rent Prepaid		
					Insurance Unexpired		
						5 994	-
						25	-
						541	-
						£ 73 516	-

EXERCISE XVII—No 1

An electrical firm may be manufacturing (a) wireless sets (b) electric vacuum cleaners and (c) electric irons each being produced in a separate department. As there are three distinct classes of goods the factory may be divided into three departments and the cost of each department ascertained. When this has been done the total cost of each can be divided by the output of each to give the cost per unit. The materials used wages and expenses should be analysed into departmental costs by means of abstracts and the sales of each department analysed in the Sales Day Book. A departmental overhead rate should be arrived at for factory expenses and indirect wages after carefully ascertaining the facts by analysis. This factory overhead may be charged to the respective departments on the basis of direct wages or on working hours or number of units produced. Probably the direct wages basis will render the most reliable results.

The expenses enumerated may be dealt with in Cost Accounts as follows—

- (a) Rent and rates allocated to departments on basis of area occupied by each department
- (b) Discount and bank charges divided in ratio to money value of sales from each department
- (c) Depreciation divided according to inventory value of machinery and plant
- (d) Travellers' salaries and expenses apportioned in ratio to money value of sales from each department
- (e) Management salaries allocated in the ratio of wages paid in each department. It is presumed these salaries are for departmental management.
- (f) Debenture interest divided according to capital value of assets in each department.

EXERCISE XVII—No 2

See *Advanced Accounts* page 809 (under Classes of Cost Accounts)

EXERCISE XVII—No 3

Simpson & Co. in order to gain the information *re* the cost of the manufacture of various pumps will inaugurate a system of costing of which the following suggestions are the main features—

- (1) The materials issued for use on each class of pump to be indented for on suitable Stores Requisition Cards that will enable the Costing Department to know precisely the amount of materials used on the manufacture of each class of pump.
- (2) The wages paid to workmen engaged on constructing the pumps to be entered in a suitably ruled Wages Analysis Book so that the exact amount of wages paid on each class of pump made may be correctly allocated.
- (3) Indirect expenditure must be equitably charged against each class of pump manufactured. For this purpose a proportion on the basis of wages paid on each class of pump made would be a fair charge.

EXERCISE XVII—No 4

See *Advanced Accounts* page 831 (Colliery Cost Sheet)

EXERCISE XVII—No 5.

See *Advanced Accounts*, page 809 (1st section); also pages 810 and 811
Specimen of Cost Sheet as on page 830 of *Advanced Accounts*

EXERCISE XVII—No 6

The unit or units of output for the preparation of Cost Accounts of—

Breweries is per barrel of beer brewed

Brickworks is per 1,000 bricks made

Collieries is per saleable ton of coal raised

Electric Light Works are (a) per ton of coal used and (b) 100 Board of Trade units of electricity sold

Gasworks are (a) per ton of coal carbonized, and (b) 1,000 cu ft or therm of gas sold

Iron and Steel Manufacturers is per ton of iron, or steel produced.

Tramways are (a) per car mile run and (b) per k w hour.

Water Works is per 1 000 gal of water consumed

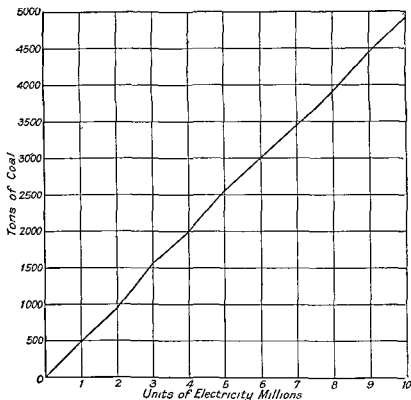
EXERCISE XVII—No 7

Conclusions to be drawn are—

- (1) Output has increased in direct ratio with increased expenditure.
- (2) Percentage of expenditure in relation to output is moderate
- (3) Uniform ratio of expenditure with output for two years suggests that little or no margin for waste of material was possible
- (3a) Wages appear on the up grade
- (4) An efficient system of costing was in operation

EXERCISE XVII—No 8

Chart showing Output of Electricity and Consumption of Coal



EXERCISE XVII—No 9

See *Advanced Accounts* page 810 (under Objects of Cost Accounts)
Suitable tests to ensure accuracy are as follows—

(a) The amounts expended on materials and wages should agree with the amounts in the accounts of materials and wages in the financial books (although arrived at independently) by comparison

(b) If the Cost Books have been kept on the double entry principle reconciliation with financial books should be attempted and if the result is an approximation to agreement it may be assumed accurate records are being kept

EXERCISE XVII—No 11 (contd)

percentage of Costs of Distribution would indicate a satisfactory and efficient administration

(f) The detection of fraud in Accounts is in regard to fluctuation of percentages generally calling for close investigation into their cause

EXERCISE XVII—No 12

The firm would require to institute a system of costing in addition to the usual financial records. As the main undertaking of the firm is on **CONTRACTS** it would be expedient to have the following additional books—

- (1) Stores Received
- (2) Stores Issued
- (3) Stores Ledger
- (4) Wages Book (analysis columns for wages paid on each **CONTRACT**)
- (5) Cos (or it may be termed **CONTRACTS**) Ledger

The ordinary Purchase Books may be modified (as to rulings) as is illustrated on page 822 of *Advanced Accounts*

Materials issued for use on contracts must be by special requisition and suitable forms will be used

EXERCISE XVII—No 13

See *Advanced Accounts* pages 825 (under **OVERHEAD**) and 826

EXERCISE XVII—No 14

The answer to Question XVII—No 12 will suit this question. The co-ordination with the commercial accounts is effected by an adjustment account constructed on the self balancing Ledger principle

EXERCISE XVII—No 15

The **COST BOOK ACCOUNT** is the Total Account of Expenditure on Contracts incorporated in the Nominal Ledger in order to co ordinate the Cost Books with the financial books

EXERCISE XVII—No 16

The basis on which standing charges and establishment expenses are to be allocated requires a close investigation into questions of expenditure on materials, wages and of the class and use of machinery before determining the question. Note must be taken in the instance under consideration that there are two problems to be overcome (1) castings in one case are large and heavy and (2) castings are very small and intricate. The inference is that in No 1 the cost of materials would be great and the payment in Wages small (comparatively) and that No 2 indicates the cost of materials to be small and the payment in Wages to be large (comparatively). The use of machinery in No 1 may be less expensive than that used on No 2. It appears then that the allocation of **OVERHEAD** must be on the following bases—

EXERCISE XVII—No. 16 (*contd.*)

(a) For large and heavy castings—

Materials . . . £
 Labour . . . £

OVERHEAD—

Factory (Item No 1) .

(Item No 1 × 100)
 Materials

General (Items Nos 2-5)

(Items Nos 2-5 × 100)
 Factory Cost

TOTAL COST

(b) For very small and intricate castings—

Materials . . . £
 Labour . . . £

OVERHEAD—

Factory (Item No 1) .

(Item No 1 × 100)
 Wages

General (Items 2-5)

(Items Nos 2-5 × 100)
 Factory Cost

TOTAL COST

EXERCISE XVII—No. 17

See *Advanced Accounts* page 825 (under OVERHEAD)

EXERCISE XVII—No. 18

REVENUE ACCOUNT (WITH PERCENTAGES FOR OTHER YEARS)

DEBITS.	Amount	3rd Year	2nd Year	1st Year
To Stock, 1st Jan £3 000 less Stock 31st Dec £2,000	£ 1 000	10 00	10 25	11 00
" Purchases	2,500	25 00	24 60	25 75
" Wages	3,500	35 00	34 65	36 00
" Salaries	7 00	7 00	8 05	7 23
" Trade Expenses	500	5 00	5 74	4 78
" Office Expenses	200	2 50	3 44	3 25
" Bad Debts	75	7 5	65	70
" Commission to Travellers	100	1 00	1 20	1 13
" Interest and Commission	35	35	40	37
" Balance, Net Profit	1,190	11 90	10 81	9 79
CREDITS	£ 10 000	100 00	100 00	100 00
By Sales, Net	10,000	100 00	100 00	100 00

The advantages connected with a tabular system of percentages are as enumerated in the answer to Question XVII—No. 11

The disadvantages are that percentages on actual figures do not explain circumstances that give rise to variations in purely statistical results, and on that account may be misleading

EXERCISE XVII—No 19

Methods of remuneration are discussed on pages 814 to 816 of *Advanced Accounts*

EXERCISE XVII—No 20

Control of time is explained on page 812 of *Advanced Accounts*

EXERCISE XVII—No 21

Control of material in a costing system is provided for by the use of the following cards and books (for explanations of Uses to which Cards and Books are put see *Advanced Accounts* pages 817 to 825)

CARDS

- 1 Store Record Card
- 2 Bin Card
- 3 Store Requisition
- 4 Materials Abstract (a sheet)

BOOKS

- 1 Stores Received Book
- 2 Stores Issued Book
- 3 Stores Ledger
- 4 Purchase (Analysis) Book
- 5 Cost Ledger

EXERCISE XVII—No 22

See Form of Wages Abstract on page 816 of *Advanced Accounts*

EXERCISE XVII—No 23

See Chart of Components of Cost on page 811 of *Advanced Accounts*

EXERCISE XVII—No 24

Dr PUBLICATION OF BOOK ACCOUNT

Cr

		£	s.	d		£	s.	d
Year 1	To Printing Wages	1	120		Year 1	By Sales 2 500 Copies		
	" Paper	1	190			at 6s.	1	750
	" Binding Material	1	110			Stock at Cost c/d		149 10
	Advertising	1	40					
	Royalties	1	125					
	Profit on Sale		314	10				
			£899	10				£899 10
Year 2	To Stock at Cost b/d		149	10	Year 2	By Sales—1 000 at 6s.		360
	Royalty on 1 300					Sales—100 at 3s		15
	copies at 1s.							
	" Profit on Sale		160	10				
			£375					£375

EXERCISE XVII No 24 (contd)

JOURNAL

			£	s	d	£	s	d
Year 1	Publication of Book Account	2	460	-	-			
	To Printing Wages					120		
	„ Paper					190		-
	„ Binding Materials					110		-
	„ Advertising					40		-
	Transfer of costs of production etc of book							
Year 1	Publication of Book Account	2	125					
	To Author					125		
	Royalty at 1s each on 2 500 copies sold							
	Author		125					
	To Bank					125		
	Payment of royalty on 2 500 copies sold							
Year 1	Sundry Customers	2	750					
	To Publication of Book Account					750		
	2 500 copies sold at 6s each							
			£1 460			£1 460		

EXERCISE XVII No 25

Minimum Stock
Minimum Stock

STORIS LTD CER
Article
Order Level

Account No
Col No
Unit

		P		UE													
Date	To Whom Ordered	Inventory No	Quantity	Cost per Unit	Invoice Certificate		Date	To Whom Ordered	Date	Requisition No	Quantity	Unit	Value				
					Date	Invoice											
May 14	X Brown	28 84	20	56 5	106	1 W	106	106	106	97 21	50 00 5	56 5	4 3 25 3	5	5	5	5
June 1	Brown												4770	0	0	0	0

EXERCISE XVII—No. 25 (contd.).

The first supply of 100 articles have all been issued and 50 of the second supply, leaving 150 of the second supply at 5s in the Account would be—

Receipts					Issues								
Date	From Whom Received	Delivery Note No	Quantity	Cost per Unit	Invoice Certificate		Amount	Date	To Whom (or Work) Issued	Requestion Note No	Quantity	Issue Price per Unit	Value
					Date Paid	Initials							
10 May	X Brown	26	100	5/6	10/6	J W	£ 27 10 -	19 May 8	Job No 179	97	50	5/6	£ 13 15 -
14 "	B Wilson	64	200	5/-			50 -	" 21	Job No 179	211	50	5/6	13 15 -
			300				£77 10 -	" 31	Job No 179	211	50	5/-	12 10 -
June 1	Balance		150				37 10 -		Balance		300		£77 10 -

The second Account illustrates a system which if used with reasonable limits, could be

The second Account illustrates a system which, if used would result in the values of the physical stock agreeing, within reasonable limits with the values as disclosed by the stores records.

EXERCISE XVII--No 26

The following is a Cost Sheet for the production of Pedestal Bearings—

COST SHEET

Works Order No 7841

Date 5th April 19

Customer F Wilson

Promised 20th April 19

Particulars 10 x 3

Delivered 18th April 19

Pedestal Bearings

Wages				Materials Used	Requisition Note No			
Shop No 1	Shop No 2	Shop No 3				£	s	d
Apr 8 12 hours at 2/6	2 hours at 2/	16 hours at 2/-	Apr 8	Iron Castings	271	£	2	8
15 14 hours at 2/6	2 hours at 2/	10 hours at 2/		Brass Castings	272		2	
				W I Bar 1½	273		1	10
				Steel Nuts	274		5	6
26 hours at 2/6	4 hours at 2	7½ hours at 2/						
Total Materials							£	s
Wages—							6	3
Shop No 1—26 hours at 1/6								6
2—4 2/								
3—26 2/								
Total Wages							6	3
Factory Expenses—							12	8
Shop No 1—26 hours								6
2—4								
30 at 2/								
3—2 at 3/								
Total Factory Overhead							6	18
Office Overhead 20%							19	6
							3	17
							£23	3

A Wages Abstract is made showing the allocation of the total wages paid against the various jobs and it is from this that the information as to the wages in each of the three shops shown in the Cost Sheet is obtained. Issues from stores of materials for use on jobs are made on Requisition Notes and it is from these requisitions that particulars of the materials shown in the Cost Sheet are obtained. The Factory Expenses are on the basis of so much per labour hour of each shop determined from data of actual shop costs divided by shop labour hours. The office overhead is determined from data of actual office overhead divided by factory cost multiplied by 100 to give the percentage of office overhead to be added in Cost Sheets. The materials issued will be recorded in a Materials Abstract Book from which the total stores issued can be determined.

✓ EXERCISE XVII—No. 27.

When possible it is desirable to maintain agreement between the financial and costing records in order that a check may be kept on the costing records, and to avoid undiscovered omissions of material, wages or other costs in the work of the Costing Section. The extent to which it is desirable to maintain such agreement is the prime cost and works overhead at least, and it may extend also to office overhead. Purchases should be dealt with as follows—

(a) Items from Purchase Analysis Book for goods supplied direct to contracts are posted to the Cost Ledger and in the financial books these items are posted individually or by means of monthly totals of analysis columns provided for the purpose to appropriate accounts and summarized to the debit of Manufacturing Account.

(b) The summary of material issued from stores prepared from Stores Issue Notes should be recorded in a Materials Abstract Book. The details of materials are posted to the debit of the jobs concerned and in the financial books the total of these items goes to debit of Manufacturing Account, and credit of Materials Account.

As regards wages the total wages shown by the wages abstract will be charged to the individual jobs in the Cost Ledger and debited in the financial books to Manufacturing Account. Wages chargeable to expenses items will be debited to Expenses Account in the nominal Ledger and the total amount of wages earned credited to the Wages Account.

Carrying out the foregoing the Cost Ledger records are—

Various Job Accounts

	£	s	d
To Materials (direct)	78	19	6
, Materials (stores issues)	276	9	1
, Wages	129	18	6

COST LEDGER SUMMARY

Job No.	Name	Materials						Wages		
		Special			Stores					
356	Jones Brothers (and others) Note: These figures summarize what in practice would be given in detail	£ 78	s 19	d 6	£ 276	s 9	d 1	£ 129	s 18	d 6

and the financial book records are—

Dr		MATERIALS ACCOUNT						Cr		
		£	s	d	By Manufacturing Account Stores Issue, as per Issue Note			£	s	d
								276		1
Dr		DIRECT MATERIALS ACCOUNT						Cr		
			s	d	By Manufacturing Account			£	s	d
								78	19	6
Dr		WAGES ACCOUNT						Cr		
		£	s	d	By Manufacturing Account			£	s	d
								129	18	6

EXERCISE XVII—No 27 (contd.)

Dr	MANUFACTURING ACCOUNT						Cr
	£	s	d				£ s d
To Materials Used—							
Special Purchases	78	19	6				
Store Issues	276	9	1				
Wages	129	18	6				

The actual cost of purchases delivered to stores is brought to debit of Materials Account the balance of that account being the cost of materials in store and can be checked by physical stock taking. The cost of purchases of material delivered direct to jobs is debited to Direct Materials Account and the credit entry should close the account. The wages paid should be debited to Wages Account the credit entry shown above closing the account though it may be necessary to take into account wages not allocated that should be transferred to Works Expenses Account. The total of the debit to Manufacturing Account should equal the total of work in progress as shown by a schedule taken from the Job Accounts in the Cost Ledger. When a job is completed its cost is shown separately in the Cost Ledger Summary and is transferred to a Finished Goods Account in the financial books from the Manufacturing Account by the introduction to the credit of that account as a carry down figure of the cost value of work in progress the balance being cost of work completed the figure being compared with the completed job total in the Cost Ledger Summary.

EXERCISE XVII—No 28

The expedient adopted would be for the Lord Mayor's Secretary to pay a cheque for the sum of £2 000 into the Bank of India London for the credit of the Indian Famine Fund Madras.

The Bank would then cable to their Madras Branch advising them to credit the Indian Famine Fund with the amount.

LONDON							
Dr	CASH ACCOUNT						Cr
				19	By Indian Famine Fund (Madras)	£	s d
						2 000	- -
Dr	INDIAN FAMINE FUND (MADRAS)						Cr
19	To Cash	£	s d				
		2 000	-				
MADRAS							
Dr	CASH ACCOUNT						Cr
19	To Lord Mayor's Fund (London)	£	s d				
		2 000	-				
Dr	LORD MAYOR'S FUND (LONDON)						Cr
				19	By Cash	£	s d
						2 000	- -

EXERCISE XVII—No 29

ACCOUNT SALES OF 74 CASES OF BRADFORD GOODS sold by Messrs Robinson & Co., for account and risk of Charles Richardson & Co., London

19..		£	s	d	£	s	d
	30 cases Bradford Goods @ £120 per case				3,600	—	—
	24 cases Bradford Goods @ £125 per case				3,000	—	—
	20 cases Bradford Goods @ £130 per case				2,600	—	—
					£9,200	—	—
	<i>Charges</i>						
	Landing Charges	7	—	—			
	Insurance and Freight	20	—	—			
	Commission, 2½% of £9,200.	230	—	—			
					257	—	—
					£8,943	—	—

CHAS RICHARDSON'S LEDGER

Dr		CONSIGNMENT ACCOUNT				Cr		
19		£	s	d	19	£	s	d
Feb 1	To Goods on Consignm't	7 400	—	—	Feb 21	By Robinson & Co	8 943	—
" 1	" Cash—					(Account Sales)		
	Freight	£30						
	Insurance	12						
		47	—	—				
" 21	.. Balance Net Profit	1 496	—	—				
		£8 943	—	—		£8 943	—	—

ROBINSON & CO'S LEDGER

Dr		CONSIGNMENT INWARDS ACCOUNT				Cr		
19		£	s	d	19	£	s	d
Feb 21	To Chas. Richardson	7 400			Feb 21	By Sundry Debtors	9 200	
	" Landing Charges £ 7							
	" Insure & Freight 20							
	" Commission 230							
	(2½% of £9 200)							
		257						
	" Balance due to Chas Richardson	1 543						
		£9 200				£9 200		

REALIZATION ACCOUNT

Dr

Cr

19	To Sundry Assets		£	s	d	19		By Cash Balance	Loss on Realization transferred to Defcy A/c	£	s	d	10 380	
			10 480					A s share 1		700				
								B s share 1		700				
								C s share 1		700				
			£ 12 480										2 100	
												£ 12 480		

CASH ACCOUNT

Dr

Cr

19	To Balance Realization A/c Deficiency A/c— A B	£	s	d	£	s	d	19		By Sundry Creditors Bills Payable A s Capital A/c (1/2 of £7 700) B s Capital A/c (1/2 of £7 700)	£	s	d	3 800 900	
		700			620					4 900					
		700			10 380					2 800					
														7 700	
					£ 12 400								£ 12 400		

Dr		DEFICIENCY ACCOUNT				Cr			
			£	s	d		£	s	d
19	To Realization A/c		2,100	-	-	By Cash— A B	700 700	- -	- -
						C's Capital drawn A/c			
							1 400	-	-
							700	-	-
							£2 100	-	-

As CAPITAL ACCOUNT						Cr.	
Dr.							
19	To Drawings			19	By Balance		
	Cash	-					
			£ 1 100	2			£ 6,000
			4 900				-
			<u>£6 000</u>				<u>£6 000</u>

A's DRAWINGS ACCOUNT					
<i>Dr</i>					<i>Cr</i>
19	To C's Overdrawn A/c		£	s	d
		1800	-	-	-
			£	1800	-
			By Balance Capital A/c		
				700	-
				1,100	-
				£1800	-

B's CAPITAL ACCOUNT

Dr	Cr			
	£	s	d	
19 To Drawings Cash	£3 000			
	2 800			
	200			
	By Balance			£3 000

B's DRAWINGS ACCOUNT

Dr	Cr			
	£	s	d	
19 To C's Overdrawn	£900			
	By Balance Capital Account			£900
	700			
	200			

C's CAPITAL OVERDRAWN ACCOUNT

Dr	Cr			
	£	s	d	
19 To Drawings Share of Deficiency	£3 700			
	700			
	3 000			
	By Capital Account Balance— A's share — £1 800 B's share — £900			£3 700
	2 700			
	1 000			

FINAL STATEMENT

Dr	Cr			
	£	s	d	
19 A received 19 of £7 700 Less Share of Deficiency B received 19 of £7 700 Less Share of Deficiency	£8 300			
	4 200			
	2 800			
	700			
	By Cash			£8 300

EXERCISE XVII—No 31

JOURNAL

19..		£	s	d	£	s	d
	Business Purchase Account	50 000	-	-	50,000	-	-
	To B						
	B	25,000	-	-	25,000	-	-
	To Share Capital Account						
	Application Account	12,500	-	-			
	Allotment Account	12 500	-	-			
	First Call Account	12 500	-	-			
	Final Call Account	12 500	-	-			
	To Share Capital Account				50,000	-	-
	5/- per share on 50 000 shares issued on application allotment and calls respectively						
	Share Capital Account	820	-	-			
	To Forfeited Shares Account				615	-	-
	" Final Call				205	-	-
	5/- unpaid on 820 shares						
		£125 820	-	-	£125 820	-	-

Dr		CASH BOOK				Cr			
		Bank				Bank			
		£	s	d		£	s	d	
19	To Application A/c	12 500	-	-	19	By Vendor	25 000	-	-
	" Allotment A/c	12 500	-	-		Preliminary Exps	2 200	-	-
	First Call A/c	12 500	-	-		Balance c/d	22 595	-	-
	Final Call A/c	12 295	-	-					
	(£12 500 £205)								
		£49 795	-	-			£49 795	-	-

EXERCISE XVII --No 32

Class of Costing	Explanation
Single	Applicable to businesses supplying a uniform product such as collieries breweries quarries etc
Departmental	Used to ascertain the profits of departments
Process	A system used to ascertain the cost of each stage of manufacture through which material passes until it becomes a final product
Job	Used to ascertain the cost of production against each job undertaken
Terminal	Applicable to undertakings where definite contracts are entered into e.g. building ships
Multiple	This method is used for undertakings in which a number of products are involved bearing little or no apparent relation to each other in cost or selling price e.g. cycles hosiery boots etc
Operating	A system of costs applied where concerns carrying on public services e.g. railways tramways gas and water undertakings etc

EXERCISE XVII—No 34

<i>Dr</i>		ROYALTIES ACCOUNT			<i>Cr</i>			
		£	s	d		£	s	d
1935								
Apr 1	To Landlord Royalty of 1s a ton on 5 000	250	-	-	By Trading Account	250	-	-
1935								
Apr 1	To Landlord Royalty of 1s. a ton on 13 000	650	-	-	By Trading Account	650	-	-
1937								
Apr 1	To Landlord Royalty of 1s. a ton on 20 000	£1,000	-	-	By Trading Account	£1 000	-	-

<i>Dr</i>		SHORT WORKINGS ACCOUNT			<i>Cr</i>				
1935 Apr 1	To Landlord	£ 250	s -	d -	1936 Apr 1	By Balance c/d	£ 250	s -	d -
	To Balance b/d	250				By Landlord	150	-	
						Balance c/d	100		
	To Balance b/d	£100			1937 Apr 1	By Landlord	£100		

EXERCISE XVII—No 34 (*cont'd*)

LANDLORD'S ACCOUNT										<i>Cr</i>	
<i>D</i>		<i>d</i>	<i>s</i>	<i>d</i>	1935 Apr 1	By Royalty of 1s a ton on 5 000 tons Shortworkings Account	<i>£</i>	<i>s</i>	<i>d</i>		
1835 Apr 2	To Cash	387 10					500				
	Income Tax at 4s 6d in £ on £50	112 10									
1836 Apr 1	To Shortworkings Account				1936 Apr 1	By Royalty of 1s a ton on 13 000 tons					
	Cash	387 10					650				
	Income Tax at 4s 6d in £ on £500	112 10									
1837 Apr 1	To Shortworkings Account				1937 Apr 1	By Royalty of 1s a ton on 20 000 tons	£650				
	Cash	586 5					1 000				
	Income Tax at 4s 6d in £ on £900	213 15									
							£1 000				

EXERCISE XVII—No 35.

(a) As repairs and renewals are undertaken at an opportune time, such as to plant and machinery when business is poor and the machinery consequently not running full time the cost under this heading may vary very considerably in successive years. To avoid revenue being charged each year with very unequal sums, a fixed amount may be charged each year to Profit and Loss Account and credited to a Repairs and Renewals Reserve Account the actual cost of repairs and renewals in each year being charged to the reserve.

(b) The advantage is that an equal annual amount is charged to revenue for repairs and renewals, the actual cost being thus spread evenly over successive years.

(c) REPAIRS AND RENEWALS RESERVE

Dr					Cr				
Year		£	s	d	Year		£	s	d
1	To Cost of Repairs and Renewals	163	7	6	1	By Profit and Loss Account	300	-	-
	Balance c/d	136	12	6			£300	-	-
		£300	-	-					
2	To Cost of Repairs and Renewals	300	-	-	2	By Balance	136	12	6
		£300	-	-		Profit and Loss Account	300	-	-
						Balance c/d	3	7	6
							£300	-	-
3	To Balance	63	-	6		By Profit and Loss Account	300	-	-
	Cost of Repairs and Renewals	124	3	6					
	Balance c/d	112	9	-					
		£300	-	-			£300	-	-
					4	By Balance	112	9	-

(d) The balance of the account would appear in the Balance Sheet. In years 1 and 3 it would be on the liabilities side, and in year 2 on the assets side.

EXERCISE XVIII—No 1

See *Advanced Accounts*, page 848 (under appropriate heading)

EXERCISE XVIII—No 2

See *Advanced Accounts*, page 848 (under appropriate heading)

EXERCISE XVIII—No 3

See *Advanced Accounts*, page 849 (under "Depreciation and Renewals").

EXERCISE XVIII—No 4

See *Advanced Accounts* page 849 (under Depreciation and Renewals)

EXERCISE XVIII—No 5

See *Advanced Accounts* page 848 (under Capital Account)

The Capital Account of a Commercial Limited Company shows only the liability of the company to its shareholders

EXERCISE XVIII—No 6

(a) Companies incorporated under special Acts of Parliament for the purpose of acquiring or constructing and working large public undertakings such as—

- | | |
|--------------|--------------------------------------|
| (1) Railways | (3) Gasworks |
| (2) Tramways | (4) Electric Light Installations etc |

(b) The principal reason for the application of the Double Account System is in regard to the presentation of Receipts and Expenditure on Capital Account which is practically a Cash Statement explanatory of how the Company has employed the shareholders' money. The statement is the first part of the Double Account Balance Sheet.

EXERCISE XVIII—No 7

See *Advanced Accounts* page 856 for *pro forma* Example of Capital Receipts and Expenditure Account. Depreciation under the Double Account System is provided by a charge against NET Revenue Account of a fixed annual amount which is credited to a Depreciation Fund Account.

THE CORNWALL COLLIERY CO
RECEIPTS AND EXPENDITURE ON CAPITAL ACCOUNT
FOR THE YEAR ENDED 31st DECEMBER 19

Expended to 31st Dec 9	Expended during the Year	To at	Received to 31st Dec 19	Received during the Year	Total
£ s d	£ s d	£ s d	£ s d	£ s d	£ s d
By Balance b/d	15 000	15 000			15 000
By Profit and Loss Account	10 000	10 000			10 000
By Shares of £1 ea	30 000	30 000			30 000
By Debentures	50 000	50 000			50 000
	100 000	100 000			100 000
	£ 100 000	£ 100 000			£ 200 000

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GENERAL BALANCE SHEET AS AT 31st DECEMBER 19

LIABILITIES	£	s	d	ASSETS	£	s	d
Capital Account	20 000			Short Workings	1 000		
Credit Balance	15 000			Stock	12 000		
Reserve Fund	6 000			Sundry Debtors	35 000		
Dividend Payable	9 000			Investments	17 000		
Sundry Creditors	25 000			Cash in hand and at Bank	30 000		
Profit and Loss Account	90 000						
Balance							
	£ 90 000						£ 95 000

EXERCISE XVIII—No 10 (cont'd)

SINGLE ACCOUNT SYSTEM
BALANCE SHEET AS AT 31ST DECEMBER 19..

CAPITAL AND LIABILITIES	£		s		d	£		s		d	£		s		d
	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d
NOMINAL CAPITAL—															
250 000 Shares of £1 each	250 000												8,500		
ISSUED CAPITAL—													9,000		
110 000 Ordinary Shares of £1 each fully paid	110 000												35,000		
60 000 6% Preference Shares of £1 each fully paid	60 000												13,500		
Debentures 5%				170 000									159 500		
Reserve Fund and Account				30 000									20 000		
Bills Payable				15 000											
Sundry Creditors				6 000											
Profit and Loss Account—				9 000											
Balance				25 000											
				£255 000											
													130 500		
													1 000		
													12 000		
													35 000		
													17 000		
													30 000		
													£255 000		

THE DYNAMO ELECTRIC LIGHTING CO., LTD.

REVENUE ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 19..

Dr.

Cr.

	£	s	d	£	s	d	£	s	d
To Coal, or other Fuel including <i>Expenses on the same</i>	1,900						8,750		
" Oil, Water, Cotton Waste Engine	750						5,000		
" Room Stores	3 000						300		
" Wages at Station	500						25		
" Repairs, Maintenance & Renewals				6,150					
" Rates and Taxes				300					
" Directors' Fees				1,000					
" Salaries of Staff	1,500								
" Stationery and Printing	600								
" General Establishment Charges	100								
" Law Charges				2 200					
" Depreciation—				200					
Buildings @ 2½% of £5 000	125								
Machinery @ 7½% of £10,000	750								
Mains @ 5% of £8 000	400								
Transformers @ 10% of £2,000	200								
Meters @ 15% of £1,500	225								
Electrical Instruments @ 15% of £400	60								
" Net Revenue Account				1 760					
				2,465					
				14,075			£ 14,075		

EXERCISE XVIII--No. 11 (cont'd.)

THE DYNAMO ELECTRIC LIGHTING CO LTD

NET REVENUE ACCOUNT

	Dr			S	d	S	d
To Interest on Debentures				£	900	-	
" Balance available for Dividend on Ordinary Stock or Shares				1	565	-	
				£	2 465	-	
			By Balance from Revenue A/c			2	465
						-	
						-	
						-	

EXERCISE XVIII—No 12

THE DURHAM RAILWAY CO

RECEIPTS AND EXPENDITURE ON CAPITAL ACCOUNT
FOR THE HALF YEAR ENDED 31ST DECEMBER 19

Dr

FOR THE HALF YEAR ENDED 31st DECEMBER 19

Cr

	Expended to 30th June 19	Expended during Half year	Total	Received to 30th June 19	Received during Half year	Total
To Lines Open for Traffic	£ 826 9 40	-	£ 851 9 40	£ 290 000	£ 10 000	£ 300 000
Lines in Course of Construction	4 000	-	5 000	488 000	72 000	560 000
Lines not commenced	50	-	50	24 000	1 000	25 000
Working Stock	125 000	-	130 000	200 000	-	200 000
Contributions to Joint Lines	50 000	-	50 000	£ 934 000	£ 31 000	£ 1 025 000
Purchase of Grand Canal	5 000	-	5 000	-	-	17 000
	£ 1 011 000	-	£ 1 042 000	-	-	£ 1 042 000

THE DURHAM RAILWAY CO
GENERAL BALANCE SHEET AS AT 31ST DECEMBER, 19 .

LIABILITIES	£		s		d	ASSETS		£		s		d.
	£	s	£	s		Capital Account—		£	s	£	s	
Debts due to other Companies			500	-	-	Debit Balance	-	17 000	-	-	-	-
Sundry Tradesmen etc			20 000	-	-	Cash at Bank	-	5 000	-	-	-	-
Fire Insurance Fund			1 500	-	-	General Stores—						
Superannuation Fund			5 000	-	-	Stock of Materials	-	10 000	-	-	-	-
Net Revenue Account—						Traffic Accounts due to Company	-	10 000	-	-	-	-
Credit Balance			20 000	-	-	Amounts due from other Companies	-	1 000	-	-	-	-
						Sundry Tradesmen, etc	-	4 000	-	-	-	-
								£47 000	-	-	-	-

EXERCISE XVIII—No 13

THE TRENT VALLEY WATER CO
CAPITAL ACCOUNT, 31ST DECEMBER, 19 .

Dr.

Cr.

EXPENDITURE	£		s		d	RECEIPTS	£		s		d
	£	s	£	s			£	s	£	s	
To Purchase of Land			3 000	-	-	By 60,000 Ordinary Shares of £1 each	60 000	-	-	-	-
" Construction of Works			102 330	-	-	" 20 000 Preference Shares of £1 each, 6%	20 000	-	-	-	-
" Mains and Service Pipes			11 920	-	-	" Debenture Stock, 5%	20 000	-	-	-	-
" Meters			1 050	-	-	" Premiums on Shares	20 000	-	-	-	-
" Parliamentary Expenses			2 000	-	-	" Balance to Balance Sheet	300	-	-	-	-
							£120 300	-	-	-	-

THE TRENT VALLEY WATER CO

Dr.

RESERVE FUND ACCOUNT

Cr

19..	To Balance	• • • c/f	19		By Balance	• •	£		s	d
			Jan 1	Dec 31			£	253		
Dec 31			-	-	" Net Revenue A/c		500	242	-	-
							£500		-	-

GENERAL BALANCE SHEET AS AT 31ST DECEMBER 19 .

LIABILITIES		£		s		d	
Reserve Fund Account . . .	ASSETS	£	500	-	-	£	300
Sundry Creditors . . .	Balance from Capital Account	841	-	-	-	340	-
Unclaimed Dividends . . .	Stores on hand	20	-	-	-	-	-
Balance from Net Revenue Account	Sundry Debtors for Water Rates etc	4 232	-	-	-	-	-
	Sundry Debtors . . .		-	-	-	-	-
	Investments—		-	-	-	1,290	-
	National War Loan Stock		-	-	-	-	-
	Amount added this date	250	-	-	-	500	-
	Cash at Bank	3 353	-	-	-	-	-
	Less Amount invested in National War Loan Stock . . .	250	-	-	-	-	-
	Cash in hand . . .	3,103	-	-	-	3,163	-
		60	-	-	-		-
			-	-	-	£5 593	-

EXERCISE XVIII—No 14

Dr		GAS SALES ACCOUNT				Cr	
				19	By Sundry Consumers	£ 370	s 10 d -
Dr		COKE SALES ACCOUNT				Cr	
				19	By J Smith	£ 6	s 15 d
Dr		SUNDRY GAS CONSUMERS				Cr	
19	To Gas Sales Account	£ 320	s 10	d	19	By Cash	£ 304
					Discount Account	16	9 6
		£320	10			£320	10
Dr		JOHN SMITH				Cr	
19	To Coke	£ 6	s 15	d	19	By Cash on Account	£ 5
					Balance c/d	1	15
		£6	15			£6	15
Dr		A B CO				Cr	
19	To Gas Fittings Returns	£ 20	s	d	19	By Gas Fittings	£ 125
	Balance c/d	105	-				-
		£125	-			£125	
Dr		GAS FITTINGS ACCOUNT				Cr	
19	To A B Co	£ 125	s	d	19	By A B Co (Returns)	£ 20
							s 6
Dr		DISCOUNT ACCOUNT				Cr	
19	To Sundry Gas Consumers	£ 16	s	d			
Dr		CASH ACCOUNT				Cr	
19	To Sundry Gas Consumers	£ 304	s 9	d 6			
	J Smith on A/c	5					
		£309	9	6			

EXERCISE XVIII—No 15

MUNICIPAL WATERWORKS LEDGER

ATLAS ASSURANCE CO

(Loan of £10,000 @ 4% repayable in 20 years. Terms —Principal by equal annual instalments
Interest half yearly on balance outstanding)

Dr				Cr			
19	To Cash	£	500	19	By Cash	£	10,000
	" Cash		180		" Interest		190
	" Income Tax		9				
			10				

Dr				Cr			
Messrs Stone & Co, Contractors							
19	To Cash	£	400				

Dr				Cr			
S JOHNSON & Co							
19	To Cash	£	78	19	By Materials	£	78
			9				6
			6				

Dr				Cr			
INTEREST ACCOUNT							
19	To Atlas Assurance Co	£	190				

Dr				Cr			
INCOME TAX ACCOUNT							
				19	By Atlas Assurance Co	£	9
							10
							6

Dr				Cr			
MATERIALS ACCOUNT							
19	To S Johnson & Co	£	78	19	By Repairs to Mains	£	1
			9				1
			6				

Dr				Cr			
REPAIRS TO MAINS ACCOUNT							
19	To Materials	£	15				

Dr				Cr			
CASH ACCOUNT							
19	To Atlas Assurance Co	£	10,000	19	By Atlas Assurance Co	£	500
					" Atlas Assurance Co		180
					" Messrs Stone & Co		400
					" S Johnson & Co		78
							9
							6

THE GREAT SOUTHERN RAILWAY

CAPITAL ACCOUNT FOR THE HALF YEAR ENDED 31ST DECEMBER 19

Cr

Dr	Expended to 30th June 10	Expended during Half year	Total	Receipts to 30th June 19	Accruing during Half year	Total
	£	£	£			£
To Expenditure— Upon Lines Open for Traffic	9 181 704	44 404	9 226 008	By Receipts— Of 1st class Stock Of 2nd class Stock Of 3rd class Stock Of 4th class Stock Of 5th class Stock Of 6th class Stock Of 7th class Stock Of 8th class Stock Of 9th class Stock Of 10th class Stock		5 192 500
Upon Working Stock	610 661	654	617 315			2 702 711
	£9 798 665	£44 958	£9 843 623			5 536 156
						55 653
						308 601
						£9 843 623

Dr	REVENUE ACCOUNT FOR THE HALF YEAR ENDED 31ST DECEMBER 19				Cr	
	£	£	£	£	£	£
To Expenditure on Maintenance of Way Stations etc	38 373	-	-	By Receipts from Passengers	106 401	-
Locomotive Power	93 008	-	-	Parcels Carriages and Horses	9 574	-
Carriage and Wagon Repairs	14 858	-	-	Mails	2 641	-
Traffic Expenses	61 098	-	-	Merchandise	43 503	-
General Charges	13 342	-	-	Minerals	280 448	-
Shipping Expenses	18 199	-	-	Shipping	19 355	-
Dock and Harbour Expenses and Repairs	9 371	-	-	Docks and Harbours	39 501	-
Law Charges	2 697	-	-	Rents	3 977	-
Parliamentary Expenses	3 834	-	-			
Compensation	34	-	-			
Mileage and Demurrage	447	-	-			
Rates and Taxes	31 060	-	-			
Government Duty	395	-	-			
Balance carried to Net Revenue A/c	218 373	-	-			
	£505 409	-	-		£505 409	-

X Y Z CO., LTD.

CAPITAL ACCOUNT

Expenditure	Amount Expended to 1st Jan	Amount Expended during Year	Total Expendi- ture	Receipts.	Amount Received to 1st Jan	Amount Received during Year	Total Received
	£	s	d		£	s	d
To Freehold Land	5 000	-	-	By Share Capital	-	-	-
" Machinery	6 000	-	-	" Debentures	5 000	-	-
" Buildings	2 000	-	-		-	-	-
" Office Furniture	-	800	-		-	-	-
	13 000	-	-		-	-	-
	-	1 800	-		-	-	-
	-	-	15 300		-	-	-
To Balance to General Balance Sheet	-	-	7 700		-	-	-
	-	-	£ 23 000		-	-	-
	-	-	-		£	-	23 000

Dr

GENERAL BALANCE SHEET AS AT 31ST DECEMBER 19.

Cr

Capital Account (balance)	£	s	d	Cash at bank and in hand	£	s	d
Sundry Creditors	-	7 700	-	Investments against Depreciation Fund (as contra)	6 000	-	-
Interest due to Debenture Holders	-	1 100	-	Sundry Debtors	4 000	-	-
Depreciation Fund Account	-	300	-		2 200	-	-
Revenue Account (Cr Balance)	-	5 000	-		6 000	-	-
	-	4 700	-		18 800	-	-
	-	£ 18 800	-		-	-	-

EXERCISE XVIII—Nos 18 to 20

See separate sections of Chapter XVIII on—(a) Gas Companies for answer to Question 18, (b) Water Companies for answer to Question 19 (c) Electric Light Companies for answer to Question 20

EXERCISE XVIII—No 21

(a) Premiums received on an issue of Debentures would be shown as a separate liability in the Balance Sheet or be transferred to a special account i.e. Capital Reserve

(b) The Policy on A B's life if accepted as a discharge of A B's debt of £6 000 would be shown in the books of account as under—

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	£	s	d	£	s	d
13 Insurance Co (Suspense A/c)	5 000					
Bad Debts	1 000					
To A B				6 000		
For life policy endorsed over by A B in satisfaction of debt and balance of account irrecoverable transferred						
	£6 000			£6 000		

CASH BOOK

	£	s	d	£	s	d
19 By Insurance Account				130		
(Premiums on LIFE policy paid) and so on for each year until the decease of A B						
It would be wise to write off to Profit and Loss the item Insurance						

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	£	s	d	£	s	d
(c) Plant Account	750					
To A Co				750		
Invoice price of machine purchased						
A Co	300					
To Exhibition Account				300		
For allowance by vendor for machine exhibited						
	£1 050			£1 050		

EXERCISE XVIII—No 22

The books in addition to the ordinary Books of Account to be kept for the purposes of a complete system of Cost Accounts are as detailed below—

(a) Stores Books i.e.—

(1) Stores Received (2) Stores Issued

(b) Stores Ledger

(c) Wages Analysis Book

(d) Cost Ledger

The system would provide adequate records of—

(1) Materials used

(2) Wages paid

(3) The precise cost of a job provided the Cost Ledger is suitably ruled with analysis columns for showing direct and indirect expenses (factory and office overhead)

EXERCISE XVIII - No 23

THE PATENT MIXTURES CO LTD

Dr TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST AUGUST 19.. Cr.

	£	s	d		£	s	d
To Stock, 1st Sept	30	33	-	By Sales	5	571	-
" Purchases	5	130	-	" " Stock, 31st Aug	4	153	-
" Wages		91	5				
" Carriage Inwards		55	-				
" Balance, Gross Profit c/d		591	-				
	£9	724			£9	724	
To Branch Wages and Expenses			-	By Trading Account.	5	91	-
" Bad Debts	3	12	-	" " Balance, Net Loss	7	19	16
" Rent, Rates and Insurance	2	19	-				
" Trade Charges	3	19	-				
" Depreciation of Plant (10% of £2,288)	2	41	16				
	£1	310	16		£1	310	16

EXERCISE XVIII No 23 (contd.)

THE PATENT MIXTURES CO LTD
BALANCE SHEET AS AT 31ST AUGUST 19

CAPITAL AND LIABILITIES	£	s	d	£	s	d	PROPERTY AND ASSETS	£	s	d
<i>Nominal Capital—</i>							Plant and Machinery	2 248	16	
7 500 Ordinary Shares of £1 each	7 500						Less Depreciation			
<i>Issued Capital—</i>							Stock	2 059	4	
5 433 Ordinary Shares of £1 each				5 433			Sundry Debtors	4 153		
fully paid				1 509			Cash in hand	2 890		
X Y Z Loan				769			Profit and Loss Account (balance	3		
Bank Overdraft				2 114				719	16	
Sundry Creditors				£9 825						
								£9 825		

Comments on Final Accounts presented for Criticism—

- (a) Stock and Plant appear to have been merged in the account of Stock It is advisable to keep distinct accounts of both Stock and Plant
- (b) Depreciation on Plant is a necessary adjustment at balancing time and appears to have been overlooked
- (c) The statement of Capital in the Balance Sheet is incomplete no indication of NOMINAL OR ACTUAL value of shares being stated

EXERCISE XVIII—No 24

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19 .		£	s	d	£	s	d
Mar .	Share Capital Account	1,000	-	-			
	To Forfeited Shares Account				355	-	-
	Final Call				645	-	-
	100 shares forfeited by Thomas Robinson for NON-payment of amount due on aforesaid shares						
		1,000	-	-	1,000	-	-

EXERCISE XVIII—No 25

(1) The issue of Debentures at 90 per cent repayable at ten years will appear as a liability in the Balance Sheet viz "Debentures £10,000". A proportional amount of the Debenture discount will be written off each year, i.e. $\frac{1}{10}$ of £1,000 = £100 the balance appearing as an asset until extinguished.

(2) The expenditure on advertising a new patent medicine may be written off by either of the following ways—

(a) over a number of years say, from three to five,
or (b) an amount each year bearing some relation to the varying turnover, until extinguished.

(3) A debt owing by a director must be shown separately on the asset side of the Balance Sheet.

THE SHIRBURN IRON FURNACE CO LTD

FURNACE ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER 19

Cr

Dr

	1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899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THE SHERBOURNE IRON FURNACE CO LTD

Dr TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th SEPTEMBER, 19.. Cr.

	£	s	d		£	s	d
To Stock of Pig Iron 1st Oct	26 272	-	-	By Sales of Pig Iron	86 873	-	-
" Furnace A/c (cost of Pig Iron produced)	58 660	-	-	" Stock of Pig Iron, 30th Sept.	16 045	-	-
" Balance, Gross Profit	17 986	-	-		£102 918	-	-
	£102 918						
To Rates and Taxes	1 297			By Trading Account	17 986		
" Repairs and Renewals of Rolling Stock	1 221						
" Office Salaries and Sundry Wages	1 728						
" Travelling Expenses	237	-	-				
" Insurance (Fire & Employers' Liability)	385						
" Law Charges	243						
" Bad Debts	9						
" Carriage Outwards	3 000						
" Balance, Net Profit c/d	9 876				£17 986	-	-
	£17 986						

Dr	£	s	d	Cr.	£	s	d
To Dividends paid 31st March on account of the year ended 30th Sept., 19	5 995	-	-	By Balance, 1st Oct	7 822	-	-
" Dividend Reserve	2 000	-	-	" Current Year's Profit	9 876	-	-
" Balance to Balance Sheet	9 703	-	-				
	£17 698	-	-		£17 698	-	-

EXERCISE XVIII--No 26 (cont'd)

THE SHERBOURNE IRON FURNACE CO LTD

BALANCE SHEET AS AT 30TH SEPTEMBER 19

CAPITAL AND LIABILITIES	£		s		d		PROPERTY AND ASSETS	£		s		d	
	£	s	d	£	s	d		£	s	d	£	s	d
Capital and Liabilities													
<i>Nominal Capital—</i>													
150 000 Shares of £1 each	150 000											23 400	
<i>Issued Capital—</i>												24 920	
120 000 Shares of £1 each 10/	60 000							16 045				7 411	
per share called up	50							78					
Less 100 Shares forfeited								900					
								1 128					
<i>Forfeited Shares Account</i>													
Dividend Reserve Account	2 000											18 151	
Add transfer from Profit & Loss	2 000											7 257	
												224	
<i>Bank Overdraft</i>													
Bills Payable													
Sundry Creditors													
<i>Profit and Loss Account—</i>													
Balance available for distribution													
												81 363	

THE A R WADDELL CO., LTD.

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

[illegible]

EXERCISE XVIII—No 27 (cont'd)

THE A R WADDELL CO LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19

	£	<i>s d</i>		£	<i>s d</i>	
To Salaries			By Trading Account			
" General Expenses			Rents Received	3 660	- -	12 700
" Rates Taxes and Insurance	2 480		Balance, Net Loss .	941	- -	300
Less Insurance paid in advance	50					3 000
Debiture Interest (including 6 mos due)				2 400	- -	
Repairs and Renewals				232	- -	
Alterations and Improvements				1 027	- -	
(k of £2 505 W/o)				501	- -	
Advertising				2 793	- -	
Directors Fees				750	- -	
Legal Expenses				61	- -	
Preliminary Expenses				447	- -	
Lighting and Heating				766	- -	
Discount				1 174	- -	
Travellers Expenses and Com- mission				647	- -	
Addition to Bad Debts Reserve				250	- -	
Depreciation— Plant and Machinery etc.				951	- -	
(10% of £9 510)						
Total				16 000	- -	16 000

MONTHLY COST SHEET

	£	s	d	£	s	d	£	s	d	Per cent of total cost
<i>Direct Materials—</i>										
Pig Iron	342	—	—							
Scrap	68									
Direct Wages				410	—	—	560	—	—	58 33
<i>Indirect Materials—</i>										
Sand	4									
Limestone	70									
Sundry Stores	22		—				96	—	—	10 00
Fuel							104			
<i>Indirect Wages—</i>										
Coremakers	30									
Foremen	37		—							
Dressers	39		—							
Other Wages	34						140	—	—	
Overhead Foundry Expenses—										
40 per cent on £150 direct wages							60		—	
Cost of producing 420 cwt castings							£960		—	
Cost per cwt of castings							£2	5	9	

EXERCISE XVIII—No 29

JOURNAL

			£	s	d	£	s	d
1932								
Jan 1	Debenture Holders .	2	19,000					
	Debenture Discount Account .	4	1,000					
	To Debenture Account	3				20,000		
	Issue of 200 debentures of £100 each at 95							
1932/36								
	Profit and Loss Account .	7	500					
	To Debenture Discount Account	4				500		
	Amount written off							
1937								
Jan 1	Debentures Account	3	20,000					
	To Share Capital Account	5				19,000		
	.. Share Premium Account	6				500		
	.. Debenture Discount Account	4				500		
	Being conversion of £20,000 debentures into 19,000 Shares of £1 each shares allotted this day							
			£40,500			£40,500		

Dr

BANK ACCOUNT

Cr

1932			£	s	d			
Jan 1	To Debenture Holder	2	19,000					

Dr

DEBENTURE HOLDERS

Cr

1932			£	s	d	1932			£	s	d
Jan 1	To Debentures	1	19,000			Jan 1	By Bank	1	19,000		

Dr

DEBENTURES ACCOUNT

Cr

1937			£	s	d	1937			£	s	d
Jan 1	To Share Capital Account	1	19,000			Jan 1	By Debenture Holders	1	19,000		
	.. Share Premium Account	1	500				.. Debenture Discount Account	1	1,000		
	.. Debenture Discount Account	1	500								
			£20,000						£20,000		

EXERCISE XVIII—No 29 (contd)

4

Dr		DEBENTURE DISCOUNT ACCOUNT										Cr	
1932 Jan 1	To Debenture	J 1	£	s	d	1532 3	By Amort written off Debentures	J 1	£	s	d		
			1 000			1937 Jan 1			500				
			1 000						500				
									£1 000				

5

Dr		SHARE CAPITAL ACCOUNT										Cr	
						19 Jan 1	By Debenture	J 1	£	s	d		
									19 000				

6

Dr		SHARE PREMIUM ACCOUNT										Cr	
						1937 Jan 1	By Debe	J 1	500				

7

Dr		PROFIT AND LOSS ACCOUNT										Cr	
1937/38	To Debenture Dis- count	J 1	£	s	d								
			500										

EXERCISE XVIII—No 30

Dr		LEASE ACCOUNT										Cr	
Year 1	To Bank Interest		£	s	d	Year 1	By Depreciat on Balance	c/d	£	s	d		
			2 000						449	5			
			80						1 630	14			
			£ 080						£2 080				
Year 2	To Balance Interest	b/d	1 630	14	11	Year 2	By Depreciat on Balance	c/d	449	5			
			60	4	7				1 630	14			
			£1 690	19	6				£1 690	19	1		
Year 3	To Balance Interest	b/d	1 246	14	5	Year 3	By Depreciat on Balance	c/d	449	5	1		
			49	17	5				817	6	9		
			£1 296	11	10				£1 296	11	10		
Year 4	To Balance Interest	b/d	847	6	9	Year 4	By Depreciat on Balance	c/d	449	5	1		
			33	17	10				431	19	6		
			£881	4	7				£881	4	7		
Year 5	To Balance Interest	b/d	431	19	6	Year 5	By Depreciat on		449	5	1		
			17	5	7								
			£449	5	1				£449	5	1		

EXERCISE XVIII—No 31.

JOURNAL

19..		£	s	d	£	s	d
Mar 2	Re-valuation Account	510	-	-			
	To Stock-in-Trade				194	-	-
	„ Motor Vehicles				200	-	-
	„ Reserve for Bad Debts				86	-	-
	„ Sundry Creditors				30	-	-
	Agreed reductions in values of assets and introduction of liability omitted						
	Plant and Machinery Account	250	-	-			
	To Re-valuation Account				250	-	-
	Agreed increase in value of plant						
	W Fison Capital Account	130	-	-			
	T Barrett Capital Account	130	-	-			
	To Re-valuation Account				260	-	-
	Transfer of shares of loss on re-valuation						
	Goodwill	500	-	-			
	To W Fison Capital Account				500	-	-
	Introduction of Fison's share of goodwill						
	W Fison Capital Account	2,370	-	-			
	To W Fison deceased Loan transfer				2,370	-	-
		£3,890	-	-	£3,890	-	-

EXERCISE XIX—No 1

"Short workings" relates to the right a lessee of a mine (or quarry) has to recoup out of future excess royalties for "Shorts" (or Short workings) i.e. deficiencies on Royalties to meet the Minimum Dead Rent in past years. The item is treated as a temporary asset. At the expiry of the period of recoupment of Short-workings the item would be transferred to the Profit and Loss Account.

EXERCISE XIX—No 2

INTERNATIONAL WAGON CO S LEDGER

Dr		HARD COAL COLLIERY CO					Cr		
19 Jan 1	To Sandres	£ 5 000	s	d	19 July 1	By Cash	£ 300	s	d
July 1	Interest (7%)	17s			July 1	Balance c/d	4 87s		
		£5 17s					£5 17s		
19 July 1	To Balance b/d	4 87s			19 Jan 1	By Cash	300		
19 Jan 1	Interest	17s	2	6		Balance c/d	4 74s	1	6
		£5 04s	12	6			£5 04s	12	6
19 Jan 1	To Balance b/d	4 74s	12	6	19 July 1	By Cash	300		
July 1	Interest	16s	11	11	July 1	Balance c/d	4 61s	14	5
		£4 91s	14	5			£4 91s	14	5
19 July 1	To Balance b/d	4 61s	14	5	19 Jan 1	By Cash	300		
19 Jan 1	Interest	16s	8	2		Balance c/d	4 47s	2	7
		£4 77s	2	7			£4 77s	2	7
19 Jan 1	To Balance b/d	4 47s	2	7	19 July 1	By Cash	300		
July 1	Interest	15s	11	2	July 1	Balance c/d	4 32s	13	9
		£4 62s	13	9			£4 62s	13	9
19 July 1	To Balance b/d	4 32s	13	9	19 Jan 1	By Cash	300		
19 Jan 1	Interest	15s	10	9		Balance c/d	4 18s	4	6
		£4 48s	4	6			£4 48s	4	6
19 Jan 1	To Balance b/d	4 18s	4	6					

HARD COAL COLLIERY CO S LEDGER

Dr		WAGON ACCOUNT					Cr		
19 July 1	To Wagon Co	£ 125	s	d	19 July 1	By Balance c/d	£ 1	s	d
19 July 1	To Balance b/d	12s			19 Jan 1	By Balance c/d	2s	7	6
19 Jan 1	To Wagon Co	129	7	6			£254	7	6
		£254	7	6			£254	7	6
19 Jan 1	To Balance b/d	2s	7	6	19 July 1	By Balance c/d	38s	5	7
July 1	Wagon Co	13s	18	1			£38s	5	7
		£38s	5	7			£38s	5	7

EXERCISE XIX—No 2 (contd)

Dr				WAGON ACCOUNT (contd).				Cr			
19	July 1	To Balance b/d . .	£ 388 5 7	19	Jan 1	By Balance c/d . .	£ 526 17 5	19	July 1	To Balance b/d . .	£ 526 17 5
19	Jan. 1	" Wagon Co. . .	138 11 10							July 1	" Wagon Co. . .
			£526 17 5				£526 17 5				
19	Jan 1	To Balance b/d . .	526 17 5	19	July 1	By Balance c/d . .	670 6 3	19	Jan 1	To Balance b/d . .	670 6 3
19	July 1	" Wagon Co. . .	143 8 10							July 1	" Wagon Co. . .
			£670 6 3				£670 6 3				
19	Jan 1	To Balance b/d . .	670 6 3	19	Jan 1	By Balance c/d . .	818 15 6	19	Jan 1	To Balance b/d . .	818 15 6
19	Jan 1	" Wagon Co. . .	148 9 3							Jan 1	" Wagon Co. . .
			£818 15 6				£818 15 6				
19	Jan 1	To Balance b/d . .	818 15 6								

EXERCISE XIX—No 3

B S COAL CO'S LEDGER

Dr INSTALMENTS ON WAGONS ON HIRE-PURCHASE ACCOUNT Cr.

Year 1	To Cash	£ 150	s -	d -	Year 1	By Depreciation	£ 115	s -	d -
	" Wagon Account	200	-	-		" Balance c/d	235	-	-
		£350	-	-			£350	-	-
Year 2	To Balance b/d	235	-	-	Year 2	By Depreciation	103	10	-
	" Wagon Account	200	-	-		" Balance c/d	331	10	-
		£435	-	-			£435	-	-
Year 3	To Balance b/d	331	10	-	Year 3	By Depreciation	91	3	-
	" Wagon Account	200	-	-		" Balance c/d	438	7	-
		£531	10	-			£531	10	-
Year 4	To Balance b/d	438	7	-	Year 4	By Depreciation	83	16	8
	" Wagon Account	200	-	-		" Balance c/d	554	10	4
		£638	7	-			£638	7	-
Year 5	To Balance b/d	554	10	4	Year 5	By Depreciation	75	9	1
	" Wagon Account	200	-	-		" Balance c/d	679	1	3
		£754	10	4			£754	10	4

EXERCISE XIX—No 3 (contd)

Dr WAGON HIRE ACCOUNT				Dr WAGON Co					
Year		£	s	d	Year		£	s	d
Year 1	To Wagon Co	£50			Year 1	To Cash	£400		
Year 2	To Wagon Co	£40			Year 2	To Cash	£240		
Year 3	To Wagon Co	£30			Year 3	To Cash	£230		
Year 4	To Wagon Co	£20			Year 4	To Cash	£220		
Year 5	To Wagon Co	£10			Year 5	To Cash	£210		
(A)					(B)				

(A) Cr side of account each year would be closed by Profit and Loss Account.

(B) Cr side of account each year would be stated By Sundries.

EXERCISE XIX—No 4

Dr					HIRE PURCHASE ACCOUNT					Cr				
19 Jan 1		£	s	d	19 Jan Dec.		£	s	d					
Dec. 31	To Sales (at cost)	1	17	6		By Cash		18	4					
	Balance—Current					ie (4 quarterly								
	year's profit		5	10		instalments of								
					Dec 31	4/7 each)								
						Stock (at cost)	1	5						
						in hands of custom								
						ie £ of £1/17/6								
		£2	3	4			£2	3	4					

EXERCISE XIX—No 5

COLLIERY CO'S LEDGER

Dr					INSTALMENTS ON WAGONS ON HIRE PURCHASE ACCOUNT					Cr				
		£	s	d			£	s	d					
Year 1	To Wagon Co	391	15	3	Year 1	By Depreciat on Balance c/d	216	9	6					
		£391	15	3			175	5	9					
							£391	15	3					
Year 2	To Balance b/d Wagon Co	175	5	9	Year 2	By Depreciation Balance c/d	194	16	6					
		411	7				391	16	3					
		£586	12	9			£586	12	9					
Year 3	To Balance b/d Wagon Co	391	16	3	Year 3	By Depreciation Balance c/d	175	6	11					
		431	18	4			648	7	8					
		£823	14	7			£823	14	7					
Year 4	To Balance b/d Wagon Co.	649	7	8	Year 4	By Depreciation " Balance c/d	157	16	2					
		453	10	4			944	1	10					
		£1 101	18				£1 101	18						
Year 5	To Balance b/d Wagon Co.	944	1	10	Year 5	By Depreciation " Balance c/d	142		7					
		476	3	10			1 278	5	1					
		£1 420	5	8			£1 420	5	8					
Year 6	To Balance b d	1 278	5	1										

EXERCISE XIX—No 5 (contd)

Dr		WAGON ACCOUNT		Cr.			
Year 1	To Cash	£ 2,164	s 14 9	Year 1	By Depreciation " Balance c/d	£ 216	s 9 6
						1,948	5 3
		£ 2,164	14 9			£ 2,164	14 9
Year 2	To Balance b/d . .	1,948	5 3	Year 2	By Depreciation " Balance c/d	194	15 6
						1,753	8 9
		£ 1,948	5 3			£ 1,948	5 3
Year 3	To Balance b/d . .	1,753	8 9	Year 3	By Depreciation " Balance c/d	175	6 11
						1,578	1 19
		£ 1,753	8 9			£ 1,753	8 9
Year 4	To Balance b/d . .	1 578	1 19	Year 4	By Depreciation " Balance c/d	157	16 2
						1,420	5 8
		£ 1 578	1 19			£ 1,578	1 19
Year 5	To Balance b/d . .	1 420	5 8	Year 5	By Depreciation " Balance c/d	142	7
						1,278	5 1
		£ 1 420	5 8			£ 1 420	5 8
Year 6	To Balance b/d	1,278	5 1				

Dr		WAGON CO		Dr		WAGON HIRE ACCOUNT	
Year 1	To Cash	£ 500	-	Year 1	To Wagon Co . .	£ 108	s 4 9
Year 2	To Cash	£ 500	-	Year 2	To Wagon Co . .	£ 98	s 13
Year 3	To Cash	£ 500	-	Year 3	To Wagon Co . .	£ 68	s 1 5
Year 4	To Cash	£ 500	-	Year 4	To Wagon Co . .	£ 45	s 9 8
Year 5	To Cash	£ 500	-	Year 5	To Wagon Co . .	£ 23	s 16 2
		£ 500	-			£ 23	s 16 2

(A). On the Cr side of account each year would be stated "By Syndries."

(B). On the Cr side each year is closed by "Profit and Loss Account."

EXERCISE XIX—No. 6 (contd)

BUYER'S LEDGER

Dr.			WAGON ACCOUNT			Cr.		
19 Year 1	To Wagon Co.	£ 2,164 14 10	19 Year 1	By Depreciation	£ 216 9 6			
				" Balance c/d	1,948 5 4			
		£2,164 14 10			£2,164 14 10			
Year 2	To Balance b/d	1 948 5 4	Year 2	By Depreciation	194 18 6			
				" Balance c/d	1,753 8 10			
		£1 948 5 4			£1,948 5 4			
Year 3	To Balance b/d	1,753 8 10	Year 3	By Depreciation	175 6 10			
				" Balance c/d	1,578 2 -			
		£1 753 8 10			£1,753 8 10			
Year 4	To Balance b/d	1 578 2 -	Year 4	By Depreciation	157 16 2			
				" Balance c/d	1,420 5 10			
		£1,578 2 -			£1,578 2 -			
Year 5	To Balance b/d	1,420 5 10	Year 5	By Depreciation	142 - 7			
				" Balance c/d	1,278 3 3			
		£1 420 5 10			£1,420 5 10			
Year 6	To Balance b/d	1,278 5 3						

Dr		WAGON ACCOUNT			Cr				
Year 1	To Cash " Balance c/d	£ 500 2 000 £2 500	s - - -	d - - -	Year 1	By Sundries . .	£ 2,500 £2 500	s - -	d - -
Year 2	To Cash " Balance c/d	500 1,500 £2 000	- - -	- - -	Year 2	By Balance b/d	2 000 £2 000	- -	- -
Year 3	To Cash " Balance c/d	500 1 000 £1 500	- - -	- - -	Year 3	By Balance b/d	1 500 £1 500	- -	- -
Year 4	To Cash " Balance c/d	500 500 £1 000	- - -	- - -	Year 4	By Balance b/d	1,000 £1 000	- -	- -
Year 5	To Cash	500	-	-	Year 5	By Balance b/d	500	-	-

EXERCISE XIX—No 6 (contd)

Dr		INTEREST SUSPENSE ACCOUNT			Cr				
Year 1	To Wagon Co	£ 335	s 0	d 0	Year 1	By Profit and Loss (5% £2 164/14/10) Balance c/d	£ 108	s 4	d 9
							227		0
		£335	5	2			£335	5	2
Year 2	To Balance b/d	227	0	5	Year 2	By Profit and Loss (5% £1 772/19/7) Balance c/d	88	12	11
							138	7	6
		£227		5			£ 77		5
Year 3	To Balance b/d	138	7	6	Year 3	By Profit and Loss (5% £1 961/12/6) Balance c/d	68	1	6
							70	0	10
		£138	7	6			£138	7	6
Year 4	To Balance b/d	70	0	10	Year 4	By Profit and Loss (5% £929/14/2) Balance c/d	46	9	8
							23	16	0
		£70	0	10			£70	0	10
Year 5	To Balance b/d	23	16	2	Year 5	By Profit and Loss (5% £476/3/10)	23	16	2

SELLER'S LEDGER

Dr		COLLIERY CO					Cr		
Year 1	To Sundries	£ 2 500	s 0	d 0	Year 1	By Cash	£ 500	s 0	d 0
						Balance c/d	2 000		
		£2 500					£2 500		
Year 2	To Balance b/d	2 000			Year	By Cash	500		
						Balance c/d	1 500		
		£2 000					£2 000		
Year 3	To Balance b/d	1 500			Year 3	By Cash	500		
						Balance c/d	1 000		
		£1 500					£1 500		
Year 4	To Balance b/d	1 000			Year 4	By Cash	500		
						Balance c/d	500		
		£1 000					£1 000		
Year 5	To Balance b/d	500			Year 5	By Cash	500		

EXERCISE XIX—No 6 (*contd*)

Dr		INTEREST SUSPENSE ACCOUNT					Cr		
Year 1	To Profit and Loss (5% £2 164/14/10)	£ 108	s 4	d 9	Year 1	By Colliery Co .	£ 335	s 5	d 2
	„ Balance c/d	227		5					
		£335	s 2				£335	s 5	d 2
Year 2	To Profit and Loss (5% £1,772/19/7)	88	12	11	Year 2	By Balance b/d .	227		3
	„ Balance c/d	138	7	6					
		£227		5			£227		5
Year 3	To Profit and Loss (5% £1,761/12/6)	68	1	8	Year 3	By Balance b/d .	138	7	6
	Balance c/d	70	5	10					
		£138	7	6			£138	7	6
Year 4	To Profit and Loss (5% £929/14/2)	46	9	8	Year 4	By Balance b/d	70	s 10	
	„ Balance c/d	23	16	2					
		£70	5	10			£70	s 10	
Year 5	To Profit and Loss (3% £476 3/10)	23	16	2	Year 5	By Balance b/d	23	16	2

EXERCISE XIX—No 7

See *Advanced Accounts* pages 905-907 (inclusive) under *FIRST METHOD*

EXERCISE XIX—No 8

JOURNAL OF JAS FINCHAM

		£	s	d	£	s	d
Year 1	Royalties	500	-	-			
	30 000 tons @ 4d per ton						
	Redeemable Dead Rent	500	-	-	1 000	-	-
	To Landlord						
Year 2	Royalties	666	13	4			
	40 000 tons @ 4d per ton						
	Redeemable Dead Rent	333	6	8	1,000	-	-
	To Landlord						
Year 3	Royalties	1,166	13	4			
	70 000 tons @ 4d per ton						
	To Landlord				1 000		
	„ Redeemable Dead Rent				166	13	4
		£3,166	13	4	£3 166	13	4

EXERCISE XIX—No 8 (contd)

JAS FINCHAM'S LEDGER

Dr			LANDLORD			Cr				
Year 1	To Cash	£	1 000	s	d	Year 1	By Royalties R D Rent	£	s	d
								500		
								500		
			£1 000					£1 000		
Year 2	To Cash	£	1 000			Year 2	By Royalties R D Rent	666	13	4
								333 <td>6<td>8</td></td>	6 <td>8</td>	8
			£1 000					£1 000		
Year 3	To Cash	£	1 000			Year 3	By Royalties	1 000		

Dr		ROYALTIES ACCOUNT					Cr				
		£	s	d			£	s	d		
Year 1	To Landlord	500			Year 1	By Trading A/c	500				
Year 2	To Landlord	666	13	4	Year 2	By Trading A/c	666	13	4		
Year 3	To Landlord	1 000			Year 3	By Trading A/c	1 166	13	4		
	R D Rent	166	13	4							
		£1 166	13	4			£1 166	13	4		

Dr		REDEEMABLE DEAD RENT					Cr				
Year 1	To Landlord	£	500	s	d	Year 3	By Royalties	£	166	13	d
2	Landlord		333	6	8	3	Balance c/d	666	13	4	
			£833	6	8				£833	6	8
Year 3	To Balance b/d		666	13	4						

EXERCISE XIX—No 9

JOURNAL OF COLLIERY CO

		£	s	d	£	s	d
Year 1	Royalties 4 000 tons @ 6d per ton	100					
	Redeemable Dead Rent	400					
	To Landlord				500		
Year 2	Royalties 16 000 tons @ 6d per ton	400					
	Redeemable Dead Rent	100					
	To Landlord				500		
Year 3	Royalties 28 000 tons @ 6d per ton	700					
	To Landlord				500		
	Redeemable Dead Rent				200		
		£1 700			£1 700		

EXERCISE XIX—No. 9 (*contd*)

<i>Dr</i>		ROYALTIES ACCOUNT				<i>Cr</i>			
		£	s	d		£	s	d	
Year 1	To Landlord . .	100	—	—	Year 1	By Trading A/c . .	100	—	—
Year 2	To Landlord . .	400	—	—	Year 2	By Trading A/c . .	400	—	—
Year 3	To Landlord . .	500	—	—	Year 3	By Trading A/c . .	700	—	—
	„ R D Rent . .	200	—	—					
		£700	—	—			£700	—	—

<i>Dr</i>		LANDLORD				<i>Cr</i>		
		£	s	d		£	s	d
Year 1	To Cash	500	—	—	Year 1	By Royalties	100	—
						“ R D Rent	400	—
		£500	—	—			£500	—
Year 2	To Cash	500	—	—	Year 2	By Royalties	400	—
						“ R D Rent	100	—
		£500	—	—			£500	—
Year 3	To Balance c/d	500	—	—	Year 3	By Royalties	500	—
					Year 3	By Balance b/d	500	—

<i>Dr</i>		REDEEMABLE DEAD RENT				<i>Cr</i>			
		£	s	d		£	s	d	
Year 1	To Landlord	400	-	-	Year 1	By Balance c/d	400	-	-
Year 2	To Balance b/d	400	-	-	Year 2	By Balance c/d	500	-	-
	Landlord	100	-	-			£500	-	-
		£500	-	-					
Year 3	To Balance b/d	500	-	-	Year 3	By Royalties	200	-	-
						Profit and Loss	300	-	-
		£500	-	-			£500	-	-

EXERCISE XIX—No. 10

Dr		ROYALTIES ACCOUNT				Cr		
		£	s	d		£	s	d
Year 1	To Lord of the Manor	1,000	—	—	Year 1	By Trading A/c	1,000	—
Year 2	To Lord of the Manor	1,100	—	—	Year 2	By Trading A/c	1,100	—
Year 3	To Lord of the Manor	1,200	—	—	Year 3	By Trading A/c	1,300	—
	.. Overpaid Royalties	100	—	—			£1,300	—
		£1,300	—	—				
Year 4	To Lord of the Manor	1,200	—	—	Year 4	By Trading A/c	1,250	—
	.. Overpaid Royalties	50	—	—			£1,250	—
		£1,250	—	—				

EXERCISE XIX—No 10 (contd)

<i>Dr</i>		LORD OF THE MANOR			<i>Cr</i>				
		£	s	d		£ s d			
Year 1	To Cash	1 200	-	-	Year 1	By Royalties	1 000	-	-
						Overpaid Royalties	200	-	-
		£1 200					£1 200		
Year 2	To Cash	1 200			Year 2	By Royalties	1 100		
						Overpaid Royalties	100		
		£1 200					£1 200		
Year 3	To Cash	£1 200			Year 3	By Royalties	£1 200		
Year 4	To Cash	£1 200			Year 4	By Royalties	£1 200	-	-

<i>Dr</i>		OVERPAID ROYALTIES			<i>Cr</i>				
		£	s	d		£ s d			
Year 1	To Lord of the Manor	200	-	-	Year 1	By Balance c/d	200	-	-
Year 2	To Balance b/d	200			Year 2	By Balance c/d	300		
	Lord of the Manor	100	-	-					
		£300					£300		
Year 3	To Balance b/d	300	-	-	Year 3	By Royalties	100	-	-
						Balance c/d	200	-	-
		£300					£300	-	-
Year 4	To Balance b/d	200	-	-	Year 4	By Royalties	50	-	-
						Balance c/d	150	-	-
		£200					£200	-	-
Year 5	To Balance b/d	150	-	-					

The balance of Overpaid Royalties would appear as an Asset in the Balance Sheet

EXERCISE XIX—No 11

JOURNAL OF COAL MINE CO LTD

		£	s	d	£	s	d
Year 1							
Mar 25	Ground Rent	25	-	-			
	Royalties	40	-	-			
	To G Risch				65	-	-
Sept 29	Ground Rent	25	-	-			
	Royalties	22	10	-			
	Redeemable Dead Rent	17	10	-			
	To G Risch				65	-	-
		£130			£130	-	-

EXERCISE XIX—No. II (contd.)

JOURNAL OF COAL MINE CO., LTD.—(contd.)

		£	s	d	£	s	d
Year 2							
Mar 25	Ground Rent	25	-	-			
	Royalties	40	-	-	65	-	-
	To G Risch						
Sept 29	Ground Rent	25	-	-			
	Royalties	42	10	-	67	10	-
	To G Risch						
" 29	Royalties	17	10	-	17	10	-
	To Redeemable Dead Rent						
		£150	-	-	£150	-	-

LEDGER OF THE COAL MINE CO., LTD

LEDGER OF THE COAL MINE CO., LTD.

Dr				G RISC				Cr			
		£	s	d			£	s	d		
Year 1					Year 1						
Apr 15	To Cash	65	-	-	Mar 25	By Ground Rent	25	-	-		
Oct 20	" Cash	65	-	-	" 25	" Royalties	40	-	-		
					Sept 29	" Ground Rent	25	-	-		
					" 29	" Royalties	22	10	-		
					" 29	" R.D. Rent	17	10	-		
		£130	-	-			£130	-	-		
Year 2					Year 2						
Apr 15	To Cash	65	-	-	Mar 25	By Ground Rent	25	-	-		
Oct 20	" Cash	67	10	-	" 25	" Royalties	40	-	-		
					Sept 29	" Ground Rent	25	-	-		
					" 29	" Royalties	42	10	-		
		£132	10	-			£132	10	-		

Dr		ROYALTIES ACCOUNT				Cr		
Year 1		£	s	d	Year 1	£	s	d
Apr 25	To G Risch .	40	-	-	Sept 29	By Trading A/c .	62	10
Sept 29	" G Risch .	22	10	-			62	10
		£62	10	-				
Year 2					Year 2			
Mar 25	To G Risch .	40	-	-	Sept 29	By Trading A/c .	100	-
Sept 29	" G Risch .	42	10	-			100	-
" 29	" R D Rent	17	10	-			£100	-
		£100	-	-				

Dr		GROUND RENT			Cr	
Year 1		£	s	d	Year 1	£
Mar 25	To G Risch	25	-	-	Sept 29	50
Sept 29	" G Risch	25	-	-		
		£50	-	-		£50
Year 2					Year 2	
Mar 25	To G Risch	25	-	-	Sept 29	50
Sept 29	" G Risch	25	-	-		
		£50	-	-		£50

EXERCISE XIX—No 11 (*contd*)

Dr		REDEEMABLE DEAD RENT					Cr						
Year 1 Sept 29	To G Rusch	£	17	s	10	d.	Year 1 Sept 29	By Balance c/d	£	17	s	10	d.
Year 2 Sept 29	To Balance b/d		17		10		Year 2 Sept 29	By Royalt es		17		10	

Dr		CASH ACCOUNT			Cr	
						£ s d
		Year 1 Apr 13 Sept 29	By G. Rusch G. Rusch			63 63
						£130
		Year 2 Apr 13 Sept 29	By G. Rusch G. Rusch			63 67 10
						£137 10

EXERCISE XIX—No 12

(a) A *Reconciliation Statement* is prepared by a cashier in order to explain the difference between the BANK PASS BOOK balance and his own BANK balance in the firm's Cash Book.

(b) A *Lease Redemption Account* is represented by the TOTAL amounts of equal annual instalments charged against profits to write off the existing Lease at its expiry. Compound interest on yearly balances is added.

(c) *Deferred Shares* are the class of shares which are considered for dividends after all other classes of shares have participated. Such shares are usually taken up by promoters of the company, sometimes by the vendors.

(d) A *Relate Account* is an account raised by bankers in connection with DISCOUNT on discounted bills not matured.

EXERCISE XIX—No 13

Work in Progress should be valued at the precise amount represented by—

- (a) Materials used
- (b) Wages paid
- (c) Estimated loss on Plant used
- (d) A proportion of profit on the basis of estimated cost against the contract price

For example—

Contract Price	£ 20 000
Estimated Cost (for Contract completed)	15 000
PROFIT	<u>£5 000</u>

Hence if half of the expenditure on contract has been incurred then credit for £2 500 may be taken. It would be wiser to be very conservative on this matter and take credit say for £2 000 only.

Work in Progress would appear as an asset in the Balance Sheet.

EXERCISE XIX—No 14.

A *Cost Account* is an account explanatory of the TOTAL expenditure on materials, labour, and organization incurred in arriving at a given result, such as building a house (contracts), making iron bars or steel plates (manufacturing), output of coal (mining), etc. The account is prepared from various sources of information, and requires great skill on the part of a qualified person to deduce from the expenditure of a business (apart from direct expenditure) the due elements of expenditure of administration, etc., that can be fairly charged in the cost account. The specimens of Cost Sheets in Chapter XIX of *Advanced Accounts* are suitable examples of such accounts.

Note—The student must NOT exceed the requirements of the question, the examples given are suggested to assist examinees, and are more comprehensive than is asked of the candidate.

EXERCISE XIX—No 15

It is incorrect for the book keeper to the Whirlwind Automobile Co., Ltd., to charge as SALES to customers the 10 cars that were sent to prospective buyers. The matter must be adjusted by the following Journal entries—

Sales Account	. Dr	£5,750	
To Sale or Return Account	. Cr		£5,750
Suspense Account	. Dr	£5,750	
To Sundry Debtors	. Cr		£5,750

The item 'Sale or Return Account' would be shown on the CREDIT side of the Trading Account (being equivalent to Stock in hand at close).

The item 'Suspense Account' would appear as an asset in the Balance Sheet.

EXERCISE XIX--No 16

The Profit and Loss Account is not properly drawn up The correct form is as below--

Trading and Profit and Loss Account for the year ended 31st December 19

	Dr		Cr	
	£	s d	£	s d
To Stock 1st Jan	17 400		By Sales	59 940
To Purchases	42 600		Less Returns Inwards	362
To Manufacturing Wages	3 280			
To Balance Gross Profit c/d	14 498		Stock 31st Dec	59 578
	£ 77 778			18 200
To Trade Expenses	1 200			£ 77 778
Salaries	820		By Trading Account	14 498
Discounts	421		Interest on Investments	3 400
Directors' Fees	1 000			
Loss on Sale of Investments	900			
Depreciation	1 401			
To Balance Net Profit c/d	12 156			
	£ 17 898			£ 17 898

Dr		APPROPRIATION ACCOUNT		Cr		
To Dividends Paid	£	3 842		By Balance 1st Jan	£	4 321
To Dividend (5% for year)		6 200		Current Year's Profit		12 156
To Reserve Account		4 000				
To Balance to Balance Sheet		2 435				
	£	16 477			£	16 477

Notes--(1) Errors in Books is an account that should never be raised Errors ought always to be rectified
(2) Unclaimed Dividends would appear as a liability in the Balance Sheet

EXERCISE XIX—No 17.

JOURNAL

		£	s	d	£	s	d
(1)	Appropriation Account To Reserve Fund Transfer of amount to raise a Reserve Fund	5,000	-	-	5,000	-	-
(2)	Cost of Issue of Debentures W/o To Cost of Issue of Debentures For $\frac{1}{2}$ of £750 W/o for proportion of period covered by debentures	93	15	-	93	15	-
(3)	Appropriation Account To Marine Insurance Fund Transfer of £3,500 to Marine Insurance Fund	3,500	-	-	3,500	-	-
(4)	Debenture Discount Account Debenture holders To Debentures For issue of £10,000 Debentures @ 95% repayable at par 10 years hence	500 9,500	-	-	10,000	-	-
(5)	Debenture Discount W/o To Debenture Discount For $\frac{1}{10}$ of £500 W/o equal to period expired of life of debentures	50	-	-	50	-	-
		£ 18,643	15	-	£ 18,643	15	-

CASH BOOK
(DEBIT SIDE)

		Bank		
		£	s	d.
19 .	To Debenture holders	9,500	-	-

EXERCISE XIX—No 18

BRANCH PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 19

	Alm Road		Beech Road		Total		Alm Road		Beech Road		Total	
	£	s d	£	s d	£	s d	£	s d	£	s d	£	s d
To Stock 1st Jan	550	-	840	-	1 390	-	7 000	-	6 470	-	13 470	-
Debtors 1st Jan	215	-	107	-	322	-	5	-	10	-	15	-
Purchases from Head Office	9 170	-	5 050	-	14 220	-	430	-	901	-	1 331	-
Rent	220	-	300	-	520	-	195	-	93	-	288	-
Wages	515	-	403	-	918	-	3 040	-		-	3 040	-
Net Profit		-	774	-	774	-		-		-		-
£	10 670	-	7 474	-	18 144	-	10 670	-	7 474	-	18 144	-

Gr.

<i>Dr</i>	APPROPRIATION ACCOUNT				<i>Cr</i>
	<i>f</i>	s	d		<i>f</i>
To Dividends Paid	505	-	-	By Net Profit	522
Balance to Balance Sheet	17	9	-		9
	<u>£522</u>	<u>9</u>	<u>-</u>		

THE PATENT RICE FOOD CO. LTD
BALANCE SHEET AS AT 31ST DECEMBER 19

CAPITAL AND LIABILITIES	£		s		d		PROPERTY AND ASSETS	£		s		d		£	s	d
	£	s	d	£	s	d		£	s	d	£	s	d			
<i>Nominal Capital—</i>							Extens on of Leasehold Premises							2 500		
30 000 Ordinary Shares of £1 each	30 000						Machinery	8 451								
200 Founders Shares of £10 each	2 000						Add Transfer from Carriage	236								
							Transfer from Wages	93								
	32 000							8 780								
								422	11							
<i>Issued Capital—</i>							Less Depreciation							8 357	9	
20 204 Ordinary Shares of £1 each	12 627	10					Patent Rights							2 000		
(12/6 called up)							Office Furniture							219		
Less Calls in Arrears	2	10					Stock							3 075		
				12 625			Sundry Debtors							3 592		
200 Founders Shares of £10 each							Cash at Bank							1 311		
issued as fully paid							Preliminary Expenses							113		
Bank Loan				2 000			Advertising							1 112		
Bills Payable				2 000			Travellers Salaries etc							583		
Sundry Creditors				4 741												
Rent of factory due				1 427												
Profit and Loss Account—				52												
Balance available for distribution				17	9											
														22 862	9	

EXERCISE XIX—No 20.

**MANUFACTURING AND PROFIT AND LOSS ACCOUNTS OF
THE STREAMLINE ENGINEERING CO., LTD., FOR THE
YEAR ENDED 31st DECEMBER, 1937**

	£	s	d		£	s	d
To Stock 1st January 1937	8 297	-	-	By Sales	123 559	-	-
Purchases	32 878	-	-	Stock, 31st December 1937	9 502	-	-
Royalties	9 190	-	-				
Wages and National Insurance	49 711	-	-				
Power and Light	2 799	-	-				
Repairs to Machinery	1 432	-	-				
Salaries	4 875	-	-				
Rent and Rates	3 729	-	-				
Depreciation of Machinery	1 983	-	-				
Depreciation of Loose Tools	154	-	-				
Gross Profit carried to section II	4 073	-	-				
	<u>£133 061</u>				<u>£133 061</u>		
To Carriage Outwards	1 649	-	-	By Gross Profit brought from Section I	24 073	-	-
Salaries	9 250	-	-	Apprentices Premiums	163	-	-
Advertising	1 937	-	-				
Selling Expenses	4 169	-	-				
Bad Debts	251	-	-				
Rent and Rates	627	-	-				
Discounts	2 625	-	-				
Printing and Stationery	491	-	-				
Office Expenses	979	-	-				
Net Trading Profit carried to section III	8 324	-	-				
	<u>£24 236</u>				<u>£24 236</u>		
To Balance of loss brought forward from last year	1 187	-	-	By Net Trading Profit brought from Section II	8 324	-	-
Interim Dividend	1 740	-	-	Dividends Received	276	-	-
Balance carried forward	3 663	-	-				
	<u>£8 600</u>				<u>£8 600</u>		

BALANCE SHEET OF THE STREAMLINE ENGINEERING CO LTD AS AT 31ST DECEMBER 1937

747

EXERCISE XIX--No. 21.

TRADING AND PROFIT AND LOSS ACCOUNTS OF A MANUFACTURER FOR THE YEARS ENDED 30TH SEPTEMBER 1934 AND 1935

	1934		1935		By Sales Less Returns	1934		1935		
	%	£	%	£		%	£	%	£	
To Stocks at beginning of years (presumably materials)		2 189		2 876	:		20 472		25 903	
" Purchases of Materials		5 823		6 494	:		472		1,913	
		8 012		9 370			20 900		24 000	
Less Stocks at end of years										
" Materials consumed	25.08	5 133	31.20	7 488						
" Wares—										
Productive	25.42	5 064	28.20	8 768						
Non productive	3.10	620	4.10	984						
" Wastes & expenses	15.88	3 178	14.40	3,456						
Total Production Cost	69.88	13 993	77.90	18 693						
" Gross profits carried down	30.12	6 004	22.10	5 304						
	100.00	£20 000	100.00	£24 000			£20 000		£24 000	
To Office Expenses										
" Salaries	1.85	370	1.75	420						
" Selling Expenses	7.80	1 560	6.60	1 584			30.02	6 004	22.10	5 704
" Discounts Allowed	8.40	1 720	11.60	2,784			0.90	180	0.15	90
	2.10	420	2.05	492						
Total Distribution and Other Cost	20.35	4 070	22.60	5 280						
" Net profits	10.57	2,114	0.25	60						
	30.92	£6 184	22.25	£5,340			30.92	£6 184	22.25	£5 340

The cost of production in 1935 compared with sales has increased on every item entering into it except works expenses. This may be the result of an effort to secure increased sales by decreasing the selling price or may have been caused by competition compelling the lowering of prices. As the selling expenses percentage has increased the latter is probably the reason. If the former is the actual reason it would appear to be a wrong policy.

EXERCISE XIX—No 22

The Profit and Loss Account and Balance Sheet figures should be converted at a flat rate of exchange. When this has been done a tabular Profit and Loss Account can be prepared containing columns for Britain New York and total and a combined Balance Sheet constructed omitting the Branch Account and Head Office Account appearing in the separate Balance Sheets of the Head Office and the branch respectively.

The accounts may be incorporated in the English books by means of the following journal entries—

JOURNAL

	£	s	d	£	s	d
Branch Trading Account To Branch Account						
Commencing Stock	£					
Purchases	£					
Carriage Inwards	£					
balances transferred						
Branch Account To Branch Trading Account						
Sales	£					
Ending Stock	£					
balances transferred						
Branch Trading Account To Branch Profit and Loss Account						
gross profit transferred						
Branch Account To Branch Profit and Loss Account						
Discounts on Purchases	£					
balance transferred						
Branch Profit and Loss Account To Branch Account						
Wages	£					
Rent and Rates	£					
Discounts on Sales	£					
Bad Debts	£					
Sundry Expenses	£					
balances transferred						
Branch Profit and Loss Account To Head Office Profit and Loss Account						
net profit of branch transferred						

EXERCISE XX—No 23

(a) Write off an appropriate amount for the year, and treat the remainder as an asset

(b) Treat as a reserve in the Balance Sheet on the liabilities side

(c) If thought fit, note on the Balance Sheet as a contingent liability but the amount should not be incorporated as an actual liability in the effective figures for agreeing the Balance Sheet

(d) Deduct the reserves from debtors and creditors respectively in the Balance Sheet, debiting and crediting the Profit and Loss Account along with the actual discounts subject of course to taking into account any reserves existing at the beginning of the year

(e) A profit on sale of old business premises may be treated as a reserve in the Balance Sheet or taken as a profit in the Profit and Loss Account, as it is possible the premises have been over-depreciated in the past, and crediting Profit and Loss Account would be correcting such excessive depreciation. The former method however is probably to be preferred

(f) The same method of placing to reserve as in (e) might be adopted

(g) Place the profit to reserve and include in the Balance Sheet on the liabilities side

EXERCISE XIX—No 24

See text book Chapter XVIII.

EXERCISE XIX—No 25

See text book, Chapter XVII.

EXERCISE XIX No 26

TRADING AND PROFIT AND LOSS ACCOUNTS OF BROWN JONES AND SMITH FOR THE YEAR ENDED
31st MARC 1 1937

[illegible]

EXERCISE XIX—No. 26—(contd.)

BALANCE SHEET OF BROWN, JONES, AND SMITH AS AT 31st MARCH, 1937

[illegible]

EXERCISE XIX—No 27

Dr		SHARPE CAPITAL ACCOUNT				Cr	
To Shares Bank	£	s	d	By Bank Bank Share of Profit	£	s	d
	50				300		
	584				50		
					284		
	£634				£634		

EXERCISE XIX--No 28

INCOME AND EXPENDITURE ACCOUNT OF FREEMAN GREEN & HARDY FOR THE YEAR ENDED 31st MAY 1938

EXPENDITURE		INCOME	
To Work in Progress, 31st May, 1937		By Charge incurred Work in Progress, 31st May 1938	
" Repairs	£ 400		£ 921
" Petty Expenses	19		1 850
" Insurance	62		
" Printing and Stationery	48		
" Travelling Expenses	92		
" Light and Heat	137		
" Rent	128		
" Staff Salaries	600		
" Profit Tax	2 170		
Net Profit carried to Section II	77		
	1 850		
	£ 5,671		
By Net Profit brought from Section I			

EXERCISE XIX—No 28—(cont'd)

BALANCE SHEET OF FREEMAN GREEN & HARDY AS AT 31st MARCH 1933

BALANCE SHEET OF FRIELMAN GREEN & HARDY									
LIABILITIES AND CAPITAL					ASSETS				
Sundry Creditors					Cash at Bank				
Rent owing					Debtors to Charles O. Standring				
Charging for Typewriting					Less Reserve for Bad Debt				
					Working in Progress				
					Typewriters				
					Add Allowances				
					Office Furniture				

EXERCISE XIX—No 29

The firm should record all goods sent out on approval in a Day Book which in addition to the normal ruling of a Sales Day Book, should have two additional money columns. Goods sent out on approval should be entered in the normal rulings as a memorandum. Any goods returned should be recorded in the first of the two additional columns as a memorandum, the second being used when the goods on approval have actually become sales. This last column is the 'double entry' column, and the items in it are posted to the debit of customers, its total being credited to Sales Account. At any time the total of the 'total' column less the combined totals of the last two columns equals the total of goods out on approval at selling price. Whenever final accounts are prepared this balance is brought into the accounts as stock after reducing it to a value on the usual basis for the valuation of stock.

The ruling of the Day Book mentioned is shown in the following illustration—

GOODS ON APPROVAL JOURNAL

Deliveries				Returns				Sales			
		Particulars	Debit	Total	Date	Amount	Date	Folio	Amount		
1		<i>F. Dalton & Co —</i> <i>18th February</i>	£ s d	£ s d	19	£ s d	19		£ s d		
1		Silver Teapot	£ 10 10 -	-							
		Silver Tea Service	10 10 -	-	Mar 2	1 10 -	Mar 2		10 10 -		
				12 -							
1		<i>F. Brown —</i> <i>15th February</i>	£ s d	-	21	8 - -					
1		Coffee Set	5 - -	-							
1		Diamond Ring	10 - -	-							
				15 -							

EXERCISE XIX No 30

J R GREGSON IN ACCOUNT WITH F R RENSON

	Due	Principal	Days	Products	Interest		Due	Principal	Days	Products	Interest
19 Jan 1	19 Jan 1	£ 250	90	22 500	£ 3 1 8	19 Jan 31	19 Mar 1	700	28	8 400	£ 1 3 9
21 Feb 21	21 Feb 21	186	38	7 068	19 4	16 Feb 16	16 Mar 1	213	19	3 495	1 3 9 7
28 Mar 31	28 Mar 9	400	33	13 200	1 16 2	31 Mar 31		176		13 201	1 16 7
		72	9							4 479	12 3
		£ 309		29 568	£ 4 1			£ 909		29 568	64 1
						Apr 1		72 7 9			
To Balance											
By Bills Receivable											
Good											
contra											
Balance of Products											
Interest thereon											
Balance of Interest											

EXERCISE XX—No. 1.

- (1) By substituting the name ' Steadfast Assurance Co Ltd, for the name in example 5 in *Advanced Accounts*, pages 932 to 934, and introducing suitable amounts for items an adequate answer to the question may be constructed
- (2) The form of Accounts as prescribed by the Life Assurance Companies Act varies from that usually employed by companies registered under the Companies Act, 1929, in the following particulars—

- (a) The Revenue Account displays items in the reverse order to that usually followed, i.e. Income is debited and Expenditure credited
- (b) The various Funds " at the beginning and at the end of the year are the first (on the debit side) and last (on the credit side) items in the Revenue Account, following the Cash Book order of opening and closing balances.
- (c) The " Funds " appear as Liabilities.
- (d) Profit or Loss is not stated.

EXERCISE XX—No. 2

REVENUE ACCOUNT OF THE HOLDFAST ASSURANCE CO

FOR THE YEAR ENDED 31ST DECEMBER, 19 , IN RESPECT OF LIFE ASSURANCE BUSINESS

	£	s	d	£	s	d.
Amount of Life Assurance Fund, 1st Jan	1,557,060	-	-	70,050	-	-
Premiums Account	142,000	-	-	11,201	-	-
Interest and Dividends Account	51,000	-	-	1,260	-	-
Transfer Fees Account	105	-	-	6,032	-	-
				18,670	-	-
				2,500	-	-
				1,640,452	-	-
	£1,750,165	-	-	£1,750,165	-	-

No 4

REVENU ACCOUNT OF THE MINSTER ASSURANCE CO. LTD

FOR THE YEAR ENDED 31ST DECEMBER 19 , IN RESPECT OF LIFE ASSURANCE BUSINESS

[illegible]

Note.—The amount of increase in the Assurance Fund is £657,815 and appears to be unusually large.

EXERCISE XX—No. 5

REVENUE ACCOUNT OF THE THAMSMOUTH LIFE ASSURANCE CO LTD
FOR THE YEAR ENDED 31ST DECEMBER 19 IN RESPECT OF LIFE ASSURANCE BUSINESS

[illegible]

EXERCISE XX—No 7

EXERCISE XX—No 7

The Profits of a Life Assurance Co are generally ascertained by means of the **ACTUARIAL REPORT** which takes place every fifth year which Report is an obligation upon Life Assurance Companies under Section 5 of the Assurance Companies Act 1909 The result of the actuaries report is embodied in a Valuation Balance Sheet which is as under—

STATEMENT OF THE BALANCE SHEET OF THE STATE ASSURANCE CO.

as AT 31st DECEMBER 19

Dr	£	s	d	Cr	£	s	d
To Net Liability under Life Assurance and Annuity Transactions (as per Summary Statement in Fourth Schedule (A))	3 780 000	-	-	By Life Assurance and Annuity Funds (as per Balance Sheet under Schedule 3)	4 321 000	-	-
Surplus	541 000	-	-				
	£4 321 000				£4 321 000		

EXERCISE XX—No 8

REVENUE ACCOUNT OF THE EAST COAST ASSURANCE CO LTD

FOR THE YEAR ENDED 31ST DECEMBER 19 IN RESPECT OF LIFE ASSURANCE BUSINESS

	£	s	d	£	s	d	£	s	d
Amount of Life Assurance Fund									
1st Fund				2 567 000	-	-	12 500	-	-
Premiums Account				620 500	-	-	27 800	-	-
Consideration for Annuities				38 450	-	-			
Granted	64 500								40 300
Interest and Dividends	3 762			60 738					9 462
Less Income Tax paid thereon				120	-	-			21 640
									7 480
Fines on Policies									10 700
									18 750
									10 450
									3 168 026
				£3 236 808	-	-			£3 286 808

BALANCE SHEET AS AT 31st DECEMBER 19

LIABILITIES	/	s d		ASSETS	£	s d		£	s d	
Life Assurance Fund	4 235 000			Mortgages on Property within the U K				400 000		
Claims Admitted (not paid)	10 000	-		Mortgages on Property outside of the U K				50 000		
Sundry Creditors	15 000			Loans on Society's Policies within their surrender value				600 000		
				<i>Investments—</i>						
				Municipal Securities (United Kingdom)	500 000					
				Indian and Colonial Government Securities	1 000 000					
				Freehold Ground Rents	800 000					
				Reversions	500 000			2 800 000		
				Life Interests (Loans)				100 000		
				Reversions (Loans)				200 000		
				Outstanding Premiums				50 000		
				Outstanding Interest				10 000		
				Cash in hand				50 000		
								£4 260 000		

Note—£10 000 Indian and Colonial Government Securities have been deposited with the Government of South Africa in respect of Life Assurance business

EXERCISE XX--No 12

Dr

H STEVENS

Cr

1932		£	s	d	1932		£	s	d
Jan 1	To Balance due	1 000	-	-	Jan 1	By Policy A/c	1,000	-	-

Dr

POLICY ACCOUNT

Cr

1932		£	s	d	1932		£	s	d
Jan 1	To H Stevens	1 000	-	-	Dec 31	By Balance c/d	1,000	-	-
Dec 31	Bank	90	-	-					
1933					1933				
Jan 1	Balance b/d	1 090	-	-	Dec 31	Balance c/d	1,160	-	-
Dec 31	Bank	90	-	-					
1934					1934				
Jan 1	Balance b/d	1 180	-	-	Dec 31	Balance c/d	1,270	-	-
Dec 31	Bank	90	-	-					
1935					1935				
Jan 1	Balance b/d	1,270	-	-	Dec 31	Balance c/d	1,360	-	-
Dec 31	Bank	90	-	-					
1936					1936				
Jan 1	Balance b/d	1 360	-	-	Jan 4	Bank	1,800	-	-
Dec 31	Profit and Loss A/c	440	-	-					

Dr

RESERVE ON POLICY ACCOUNT

Cr

1932		£	s	d	1932		£	s	d
Dec 31	To Balance c/d	432	-	-	Jan 1	By Profit and Loss A/c	393	39	-
1933					Dec 31				
Dec 31	Balance c/d	460	-	-	1933				
1934					Jan 1	Balance b/d	432	28	-
Dec 31	Balance c/d	470	-	-	Dec 31	Profit and Loss A/c	460	10	-
1935					1934				
Dec 31	Profit and Loss A/c	8	-	-	Jan 1	Balance b/d	470	-	-
1936	Balance c/d	462	-	-	Dec 31	Profit and Loss A/c	470	-	-
Dec 31	Profit and Loss A/c	462	-	-	1935				
					Jan 1	Balance b/d	462	-	-
					1936				
					Jan 1	Balance b/d	462	-	-

EXERCISE XX—No 14 (contd)

Dr		ENDOWMENT ASSURANCE POLICY						Cr	
1934		£	s	d	1934		£	s	d
Jan 1	To Smith	400	-	-	June '30	By Reserve on Policy A/c	20	-	-
Apr 1	" Cash Premium on Policy	50	-	-		" Balance c/d	430	-	-
		£450	-	-			£450	-	-
June 30 1935	To Balance b/d	430	-	-	1935				
Apr 1	" Cash Premium on Policy	50	-	-	June 30	By Reserve on Policy A/c	10	-	-
		£480	-	-		" Balance c/d	470	-	-
June 30 1936	To Balance b/d	470	-	-	1936				
Apr 1	" Cash Premium on Policy	50	-	-	June 30	By Reserve on Policy A/c	5	-	-
		£520	-	-		" Balance c/d	515	-	-
June 30 1936	To Balance b/d	515	-	-			£520	-	-
Oct 31	" Reserve on Policy A/c	35	-	-	Oct 31	By Cash	1 200	-	-
	" Profit on Policy transferred to Cap A/c	650	-	-					
		£1 200	-	-			£1,200	-	-

Dr		CASH BOOK						Cr	
1936		£	s	d	1934		£	s	d
Oct 31	To Endowment Assurance Policy	1 200	-	-	Apr 1 1935	By Premium on Policy	50	-	-
					Apr 1 1936	Premium on Policy	50	-	-
					Apr 1	Premium on Policy	50	-	-

Dr		RESERVE ON POLICY ACCOUNT						Cr	
1934		£	s	d	1936		£	s	d
June 30	To Endowment Assurance Policy	20	-	-	Oct 31	By Endowment Assurance Policy	35	-	-
1935									
June 30	To Endowment Assurance Policy	10	-	-					
1936									
June 30	To Endowment Assurance Policy	5	-	-					
		£35	-	-			£35	-	-

EXERCISE XX—No 15

BALANCE SHEET OF COMPANY A AS AT 31ST DECEMBER 19

CAPITAL AND LIABILITIES			ASSETS		
<i>Authorized Capital—</i>					
200 000 Shares of £1 each			Premises at cost less depreciation	£	s d
			Plant and Machinery at cost less depreciation	37 000	
<i>Issued Capital—</i>			Stock	30 000	
140 000 Shares of £1 each fully paid			Sundry Debtors	24 000	
Reserve	140 000		Bankers of A Company	13 000	
Forfeited Shares	4 000		Goodwill at cost less amounts written off	35 000	
Sundry Creditors	1 000				
Bills Payable	31 000				
Bankers of B Company	5 000				
Profit and Loss Account	3 000				
	18 000				
	£222 000			£222 000	

EXERCISE XX—No 16

Dr LANDLORDS ACCOUNT

Cr

1930	To Bank	£	s	d	1930	By Royalties 2 800 tons at 1s a ton	£	s	d
		300				Short Workings	140		
							160		
1931	To Bank	300			1931	By Royalties 5 500 tons at 1s a ton	275		
						Short Workings	25		
1932	To Short Workings Bank	75			1932	By Royalties 7 500 tons at 1s a ton	375		
		300							
1933	To Short Workings Bank	110			1933	By Royalties 8 500 tons at 1s a ton	425		
		315							
1934	To Bank	45			1934	By Royalties 9 500 tons at 1s a ton	475		

Dr ROYALTIES ACCOUNT

Cr

1930	To Landlord	£	s	d	1930	By Trading A/c	£	s	d
		140					140		
1931		275			1931		275		
1932	"	35			1932	"	375		
1933	"	425			1933	"	425		
1934	"	47			1934	"	475		

Dr SHORT WORKINGS ACCOUNT

Cr

1930	To Landlord	£	s	d	1932	By Landlord	£	s	d
		160			1933	"	75		
1931		5					110		
		£165					£185		

EXERCISE XX—No 17.

Messrs Gorgonzola & Co, of London would buy bills to the amount of £1,842 5s 6d with the object of paying for goods purchased in Capetown. The Capetown creditors of Messrs Gorgonzola may have had London creditors to whom they had given their acceptance for goods purchased and, by the intermediary of bill brokers, Messrs Gorgonzola & Co have purchased same, and so discharged their indebtedness.

A further purpose served by buying such bills would be the saving of expense and obviation of risks in sending coin.

Such bills take the form of the ordinary foreign bill, of which a specimen is as below—

No 32/F. £1,842 5 6 <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;"> STAMP 19/- </div>	<div style="text-align: right;">LONDON 28th March, 19..</div> <p style="text-align: center;">At thirty days' sight, pay this FIRST of Exchange (SECOND AND THIRD of same date and tenor unpaid) to the order of M. Marsden the sum of One thousand eight hundred and forty-two pounds, five shillings and sixpence, for value received</p> <div style="display: flex; justify-content: space-between; margin-top: 20px;"> To T WEISAN, Capetown M MARSDEN </div>
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The above bill would be endorsed by M. Marsden when sold to bill broker, and endorsed by the bill broker when purchased by Messrs Gorgonzola & Co.

EXERCISE XX—No. 18

B & CO'S LEDGER

Dr					JOINT ADVENTURE WITH A & CO, LAGOS					Cr				
19	To Goods	£	s	d.	19	By Sale of Native Pro duce	£	s	d.					
	, A & Co's Expenses	20 500	-	-			26 400	-	-					
	Cash £150	1 831	5	6										
	Charges 293													
		443	-	-										
	, Balance (Profit)	3 625	14	6										
		£26 400	-	-			£26 400	-	-					

Note It appears that the cost of Produce was £22 000, but paid for by £20,500 inference being that the difference of £1,500 is to be regarded as trade discount.

EXERCISE XX—No 19

- (a)
- GOODWILL**
- would appear as an asset in the Balance Sheet

Being an intangible asset care must be taken to show **GOODWILL** at a figure agreeable to the present worth of the connection taken over or according to the present worth of that upon which **GOODWILL** was based

- (b)
- REPAIRS RESERVE**
- would appear as a liability in the Balance Sheet

The object of a Repairs Reserve is to charge an equal amount against profits each year sufficient to meet recurring expenditure on Repairs Should the surplus on Reserve be very high future provision on that head must be adjusted accordingly

- (c)
- DEBENTURE ISSUE EXPENSES**
- would appear as an asset in the Balance Sheet

Being an expense on the issue of debentures it would be advisable to write off such expenditure over a period of years equal to the life of the debentures—or if debentures are irredeemable in say five years

- (d)
- PRELIMINARY EXPENSES**
- would appear as an asset in the Balance Sheet

Being expenditure on the flotation of a company such item must be written off over a number of years say between three to five years

- (e)
- UNCLAIMED DIVIDENDS**
- would appear as a liability in the Balance Sheet

- (f)
- EXPENDITURE ON LEASEHOLD WORKS**
- would be transferred to Profit and Loss Account

It is assumed that such expense has been incurred to maintain Lease in repair according to terms of Lease

Should however the expense have been incurred for the *improvement* of Lease the item may be capitalized

- (g)
- FORFEITED SHARES ACCOUNT**
- would appear as a liability in the Balance Sheet

The amount on this account may be absorbed when shares are re issued Further the amount may be transferred to a special Reserve Account

EXERCISE XX—No 20 (a)

N C O S JOURNAL

			£	s	d	£	s	d
19 Jan	5	Guarantee Commission To H Commission charged by H as guarantor of bill	£ 50	-	-	£ 50	-	-
"	5	Discount Account To D B Charge made for discounting bill	7s	-	-	7s	-	-
July	8	R To D B Adjustment between R & D B on dis- counted bill dishonoured	1 000	-	-	1 000	-	-

EXERCISE XX—No. 20 (a) (contd.)

N CO.'S JOURNAL—(contd.).

		£	s	d	£	s	d
19..							
July 8	Guarantee Commission To H Commission charged by H as guarantor of bill	25	-	-	25	-	-
" 8	Discount Account To D B Charge made for discounting bill	50	-	-	50	-	-
Oct 11	R To D B Adjustment between R & D B on dis- counted bill dishonoured	1,000	-	-	1,000	-	-
" 11	Guarantee Commission To H Commission charged by H as guarantor of bill	25	-	-	25	-	-
" 11	Discount Account To D B Charge made for discounting bill	50	-	-	50	-	-
19							
Jan 14	D B To R Adjustment to close accounts of R & D B	2,000	-	-	2,000	-	-
		£4,275	-	-	£4,275	-	-

BILLS RECEIVABLE BOOK

No of Bill	Date	Name of Acceptor	Tenor	Due Date	Fol.	Amount	Remarks
1	19 Jan 5	R	6 mos.	19 July 8		£ 1,000	} Discounted with D B
2	July 8	R	3	Oct 11		1,000	
2	Oct 11	R	3	Jan 14		1,000	

Dr.

CASH BOOK

Cr

Bank

Bank

		£	s	d			£	s	d
19					19				
Jan 5	To D B	925	-	-	Jan 5	By H	50	-	-
July 8	" D B	800	-	-	July 8	" H	25	-	-
Oct 11	" D B	900	-	-	Oct 11	" H	25	-	-
					19				
					Jan 14	" R	3,000	-	-

EXERCISE XX—No 20 (a) (contd)

Dr				R				Cr			
19		£	s d	19		£	s d				
July 8	To D B	1 000		Jan 5	By B lls Rece vable	1 000					
Oct 11	D B	1 000		July 8	B lls Rece vable	1 000					
19				Oct 11	B lls Rece vable	1 000	-				
Jan 14	“ Cash	3 000		19							
				Jan 14	D B	2 000	-				
		£3 000				£5 000					

Dr				D B				Cr			
		£	s	d			£	s	d		
19					19						
Jan 5	To Bills Receivable	1 000			Jan 5	By Cash	925				
July 8	Bills Receivable	1 000				D B	75				
Oct 11	Bills Receivable	1 000			July 8	R	1 000				
19					8	Cash	950				
Jan 14	R	2 000			8	Discount	50				
					Oct 11	R	1 000				
					11	Cash	950				
					11	D B	50				
		£5 000					£5 000				

Dr			H			Cr				
19			£	s	d	19		£	s	d
Jan 5	To Cash		50			Jan 5	By Guarantee Commission	50		
July 8	Cash		25			July 8	Guarantee Commission	25		
Oct 11	Cash		2			Oct 11	Guarantee Commission	25		
			£100					£100		

Dr		BILLS RECEIVABLE ACCOUNT						Cr	
19		£	s	d	19		£	s	d
Jan 5	To R	1 000			Jan 5	By D B	1 000		
July 8	R	1 000			July 8	D B	1 000		
Oct 11	R	1 000			Oct 11	D B	1 000		
		£3 000					£3 000		

Dr		DISCOUNT ACCOUNT				Cr	
19		£	s	d			
Jan 5	To D B	75	-	-			
July 8	D B	50	-	-			
Oct 11	D B	50	-	-			

Dr		GUARANTEE COMMISSION ACCOUNT					Cr	
19		£	s	d				
Jan 5	To H	50						
July 8	H	25						
Oct 11	" H	25						

EXERCISE XX—No 20 (b)

G C's LEDGER

Dr			J P			Cr.		
19			£	s	d	19		£ s d
Dec 1	To Cash		150	-	-	Dec 1	By Shares	1,000 - -
19						19		
Jan 14	" Cash		150	-	-	Feb 3	" Cash	350 - -
Feb 3	" Cash		150	-	-			
" 3	" Shares		900	-	-			
			£1 350	-	-			£1 350 - -

Dr			SHARES ACCOUNT			Cr		
19			£	s	d	19		£ s d
Feb 3	To J P		1 000	-	-	Dec 1	By J P	900 - -
						19		
			£1 000	-	-	Feb 3	" Loss on Sale of Shares	100 - -
								£1 000 - -

Dr			CASH BOOK			Cr		
19			£	s	d	19		£ s d
Feb 3	To J P		350	-	-	Dec 1	By J P	150 - -
						19		
						Jan 4	" J P	150 - -
						Feb 3	" J P	150 - -
	TOTAL		£350	-	-		TOTAL	£450 - -

J P's LEDGER

Dr			G C			Cr		
19			£	s	d	19		£ s d
Dec 1	To Shares		1 000	-	-	Dec 1	By Cash	150 - -
19						19		
Feb 3	" Cash		350	-	-	Jan 3	" Cash	150 - -
						Feb 3	" Cash	150 - -
			£1 350	-	-	Feb 3	" Shares	900 - -
								£1 350 - -

Dr			W			Cr		
19			£	s	d			
Feb 3	To Shares		1 000	-	-			

Dr			SHARES ACCOUNT			Cr		
19			£	s	d	19		£ s d
Feb 3	To G C		900	-	-	Dec 1	By G C	1,000 - -
" 3	" Gain on Sale of Shares		100	-	-	19		
" 3	" Balance c/d		1 000	-	-	Feb 3	" W	1 000 - -
			£2 000	-	-			£2,000 - -

EXERCISE XX—No 20 (b) (contd)

Dr		CASH BOOK				Cr			
19		£	s	d	19		£	s	d
Dec 1	To G C	150			Feb 3	By G C	350		
19					3	Balance c/d	100		
Jan 4	G C	150							
Feb 3	G C	150							
		£450					£450		

EXERCISE XX No 20 (c)

THE COMPANY'S JOURNAL

19	Share Capital Account To Forfeited Shares Account Calls (unpaid) 500 shares Nos to for feited by order of the Board of Directors for non payment of calls	£	s	d	£	s	d
		500			250		
					250		
	D (New Shareholder)	375					
	Forfeited Shares Account To Share Capital Account For re issue of forfeited shares	125			500		
		£1 000			£1 000		

COMPANY'S LEDGER

Dr		SHARE CAPITAL ACCOUNT				Cr			
19	To Forfeited Shares A/c Calls (unpaid) A/c	£	s	d	19	By D Forfeited Shares	£	s	d
		0					375		
		250					125		
		£500					£500		

Dr		FORFEITED SHARES A CUNT				Cr			
19	To Share Cap ital A/c Balance c/d	£	s	d	19	By Share Cap ital A/c	£	s	d
		375					250		
		125							
		£500					£250		

Dr				D				Cr			
19	To Share Capital	£	s	d	19	By Cash	£	s	d		
		375					375				

EXERCISE XX—No. 21 (cont'd)

LEAD & HALL LTD

Dr	APPROPRIATION ACCOUNT				Cr		
	£	s	d		£	s	d
To Manager's Bonus (5% of £1082/8/6)	54	2	5	By Balance 1st Jan	94	5	6
" Dividend on Ordinary Shares	640	4	-	" Current Year's Profit	1,082	8	6
" Vendors Share of Profit (1/4 of £388/2/1)	97	-	-				
" Balance to Balance Sheet	875	7	1				
	£1 666	14	-		£1 666	14	-

EXERCISE XX—No 22

THE UTOPIA MOTOR WORKS LTD

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST JANUARY 19										Cr	
					£	s	d	£	s	d	
To Stock, 1st Feb											
" Loose Tools, 1st Feb					14	685	-				
" Purchases (including Carriage)					8	001	-				
" Manufacturing Wages					57	833	-				
" Balance, Gross Profit					53	129	-				
					1	325	-				
					£134	973	-				
To Rates Taxes, Gas Water and Insurance					872	-	-				
Less Prepaid—											
Rates					40	-	-				
Insurance					61	-	-				
Salaries and Commission											
" Advertising (1/4 of £2 190 W/6)					811	-	-				
" Office Expenses					1	263	-				
" Bad Debts					730	-	-				
" Interest on Loan					203	-	-				
Add Amount accrued					1	106	-				
					161	-	-				
					26	-	-				
Directors' Fees					187	-	-				
" Depreciation—					2	000	-				
Plant (5% of £38 080)											
Buildings					1	804	-				
					351	-	-				
					2	165	-				
					£8	465	-				
By Sales											
" Stock, 31st Jan											
" Loose Tools, 31st Jan											

THE UTOPIA MOTOR WORKS LTD
BALANCE SHEET AS AT 31st JANUARY 19

CAPITAL AND LIABILITIES		£		s	d	£		s	d	£		s	d
<i>Nominal Capital—</i>													
5 000 Preference Shares of £10 each		50 000								26 782	361		
150 000 Ordinary Shares of £1 each		150 000								36 803	1 804		
		£200 000											
<i>Issued Capital—</i>													
4 500 Preference Shares of £10 each fully paid						45 000							
32 000 Ordinary Shares issued as fully paid to Vendors										8 700	349		
22 640 Ordinary Shares 15/- called up		16 980				32 000							
Less Calls in Arrears		806											
						16 174				21	40		
Repairs Equalization Reserve		2 648											
Less Repairs		2 192											
Bank Loan						466							
Bills Payable						3 400							
Loans Account (including Int accrued)						11 429							
Sundry Creditors						956							
						18 176							
						£127 601							

EXERCISE XX—No 24

CONTRACT NO 125

Dr

Name WILLIAMS T R

Cr

Date	Details	Total	Direct Purchases	Fol	Stores	Date	Wages	Total	Debit	Fol
1945 Oct 30	To Subcontract " Sundries	*	£ 52 7 4	15 24 39	£ 125 4 18 10 5 4	94 Oct 8 15 22	£ 15 24 25 7 10 4	£ 85 11 52 7 4 148 18 17 2 2 20 2 6 25 19 -	By Contract	£ 350 - -
	To Direct Purchase Stores Expenses at 70 per cent on Wages Expenses at 10 per cent on Materials Profit		52 7 4		148 18 -		85 11	£ 350 - -		£ 350 - -

EXERCISE XX—No 25.

<i>Dr</i>		STOCK OUT ON HIRE-PURCHASE			<i>Cr</i>	
		£	s	d		£ s d
194					194	
Jan 1	To Value of Stock out on Hire purchase agreements				Dec 31	By Receipts from Hire purchasers during year
Dec 31	Cost of Stock sent out on Hire purchase agreements during year					" Value of Stock out on Hire purchase at end of year (being the amount of the instalments not yet paid after deducting the proportion of profit included therein)
	Transfer to Profit and Loss Account being profit during the year					

The cost of Stock out on hire is obtained from a Hire-Purchase Day Book containing a column showing the cost of each article sold on hire purchase. The receipts from hire purchasers are obtained from an extra column in the Cash Book into which all such receipts are extended. The stock figures are arrived at by valuation.

EXERCISE XX—No 26

JOURNAL

		£	s	d	£	s	d
1934							
Jan 22	Policy Account	270	-	-			
	Bad Debts Account	230	-	-			
	To A				500	-	-
	Policy taken over in satisfaction of debt at surrender value and writing off of balance						
July 1	Life Premium Account	18	-	-			
	To Bank				18	-	-
	Premium paid						
Dec 31	Policy Account	15	-	-			
	To Life Premium Account				15	-	-
	Transfer of increase in surrender value						
	Profit and Loss Account	3	-	-			
	To Life Premium Account				3	-	-
	Transfer						
1935							
July 1	Life Premium Account	18	-	-			
	To Bank				18	-	-
	Premium paid						
Dec 31	Policy Account	16	-	-			
	To Life Premium Account				16	-	-
	Transfer of increase in surrender value						
	Profit and Loss Account	2	-	-			
	To Life Premium Account				2	-	-
	Transfer						
1936							
Jan 15	Bank	530	-	-			
	To Policy Account				530	-	-
	Amount received under policy						
	Policy Account	229	-	-			
	To Profit and Loss Account				229	-	-
	Transfer of profit on policy						
		£1 331	-	-	£1 331	-	-

EXERCISE XX—No 27.

PRODUCTION ACCOUNT OF A MOTOR MANUFACTURING
COMPANY FOR THE YEAR ENDED 31ST DECEMBER, 19 .

	£	s	d	£	s	d
Materials used	325,682	-	-			
Direct Wages	367,265	-	-			
<i>Prime Cost—</i>				692,947	-	-
Factory overhead expenses Equal 20% on Wages . . .				73,453	-	-
<i>Factory Cost—</i>				766,400	-	-
Establishment and general expenses 6% of Factory Cost				45,984	-	-
Total Cost				£812,384	-	-

CALCULATION OF PRICE AT WHICH A MOTOR CAR SHOULD
BE SOLD TO YIELD A PROFIT OF 25 PER CENT

	£	s	d
Materials cost	104	-	-
Wages	80	-	-
	184	-	-
Add 20% of Wages for Factory overhead expenses . . .	16	-	-
Factory Cost	200	-	-
Add 6% of Factory Cost for establishment and general expenses	12	-	-
	212	-	-
Add 25% for profit	53	-	-
Selling price	£265	-	-

EXERCISE XX—No 28

TRADING AND PROFIT AND LOSS ACCOUNTS OF SIGMA LIMITED FOR THE YEAR ENDED 31ST MARCH 1938

Cr

Dr

	£	s	d	£	s	d		£	s	d
To Stock 1st April 1937				23 081			By Sales			
" Purchases				102 177			Stock 31st March 1938			
" Gross Profit earned to Section II				17 079						
				£152 317					115 316	
									37 001	
To Office and Showroom Salaries				2 870			By Gross Profit brought from Sect on I			
To Travellers' Salaries and Commission				9 317			Discount			
To Rent and Rates				1 745					17 079	
To Bad Debts				631					733	
To Sundry Expenses				3 075						
" Advertising				600						
" Directors' Fees				41						
" Bank Interest				105						
" Legal Charges and Audit Fee				1 752						
" Sundry Trade Expenses										
" Depreciation—										
Vans and Cars	1 020									
Furniture and Lighting	450									
				1 470						
				2 203						
				£17 812					£17 812	
" Net Trading Profit carried to Sect on III										
							By Net Trading Profit brought from Section II			
To Legal Charges in connection with Capital Redemption Scheme written off				80			Dividends from Investments			
Amount written off Goodwill				353					2 208	
Balance Net Profit for the year				2 673					900	
				£3 106						
									£3 106	

EXERCISE XX—No 28 (cont'd).

BALANCE SHEET OF SIGMA LIMITED, AS AT 31st MARCH 1939

[illegible]

EXERCISE XX—No 9

BALANCE SHEET OF DAVIS EDWARDS & FREEMAN
AS AT 31ST DECEMBER 1935

<i>Liabilities and Capital</i>	Davis			Edwards			Freeman					
	£	s	d	£	s	d	£	s	d	£	s	d
Current Accounts												
Balance 1st Jan. 1935	677			180			243					
Add Interest on Capital	400			550			100					
Salary							150					
Share of Profit	975			585			390					
	050			1115			883					
Less Drawings (including Salary) and Interest on Drawings	1448	11	6	912	18	9	693	9	9			
	£603	8	6	£202	1	3	£189	10	3	£99		
Capital Accounts—												
Davis							8 000					
Edward							7 000					
Freeman							2 000					
										17 000		

Interest on Drawings has been calculated in months.

EXERCISE XX--No 30.

Dr		REPAIRS AND RENEWALS RESERVE					Cr.		
1937 Dec. 31	To Repairs and Renewals Balance c/d	£ 50 100 £150	s - - -	d - - -	1937 Dec. 31	By Profit and Loss A/c	£ 150 £150	s - -	d - -
1938 Dec. 31	To Repairs and Renewals " Balance c/d	£ 43 207 £250	s - - -	d - - -	1938 Jan 1 Dec 31	By Balance b/d " Profit and Loss A/c	£ 100 150 £250	s - - -	d - - -
1939 Dec 31	To Repairs and Renewals " Balance c/d	£ 76 281 £357	s - - -	d - - -	1939 Jan 1 Dec 31	By Balance b/d " Profit and Loss A/c	£ 207 150 £357	s - - -	d - - -
1940 Dec 31	To Repairs and Renewals Balance c/d	£ 88 343 £431	s - - -	d - - -	1940 Jan 1 Dec 31	By Balance b/d Profit and Loss A/c	£ 281 150 £431	s - - -	d - - -
					1941 Jan 1	By Balance b/d	£ 343	s - -	d - -

<i>Dr</i>		PROFIT AND LOSS ACCOUNT			<i>Cr</i>	
1937 Dec. 31	To Repairs and Renewals Reserve	£ 150	s -	d -		
1938 Dec. 31	Repairs and Renewals Reserve	150	-	-		
1939 Dec. 31	Repairs and Renewals Reserve	150	-	-		
1940 Dec. 31	Repairs and Renewals Reserve	150	-	-		

EXERCISE XXI No 1

STATEMENT OF AFFAIRS OF THE COMPANY

Gross Liabilities		Liabilities		Expected to Rank		Assets		Expected to Produce	
£	s d	£	s d	£	s d	£	s d	£	s d
8 478		Unsecured Creditors (A)		8 478		Property (H)—			
2 200		Fully secured Creditors (B)	2 900			Cash at Bank		1 200	
		Lettable Value of Securities	500			Stock			150
		Surplus to contra	300			Intakes		300	150
872		Fully secured Creditors (C)	872			TOTAL			900
		Estimated Value of Securities	550			Book Debts (I)—			3 872
		Preferred Creditors (deducted as per contra)	67			Conced		1 800	750
						Doubtful		2 900	
						Bal			
						Surplus as per contra (Sch. D)			300
						TOTAL ASSETS		5 822	
						Deduct for Preferential Creditors as per contra		267	
						NET ASSETS			5 555
						Deficiency (K)			3 245
									£8 800
£11 817									

EXERCISE XXI—No 2.

STATEMENT OF AFFAIRS OF RICHARD HUMPHREY

ON 31st JANUARY, 19 .

Gross Liabilities.			LIABILITIES.			Expected to Rank			Assets			Expected to Produce.		
£	s	d	£	s	d	£	s	d	£	s	d	£	s	d
693	7	9	Unsecured Creditors (A)			693	7	9	Property (H)—					
45	1	6	Preferential Creditors—						Cash in hand			1	2	11
			Creditors for Rent (F)	32	10				Stock in Trade			395	11	9
			Creditors for Rates, Taxes, Wages etc.	12	11				Shop Fittings			173	12	6
			Payable in full (G)		6				Household Furniture				45	
			Deducted as per contra	45	1				Total				280	
									Debt <i>Débit</i> (I)—				841	2
									Good					
									Doubtful			10	11	6
									Bad			60	11	3
									Total Assets					
									Deduct for Preferential Creditors as per contra			670	2	5
									NET ASSETS			45	1	6
									Deficiency (K)			631	11	
												62	6	10
												£693	7	9
£738	9	3												

EXERCISE XXI—No 3

STATEMENT OF AFFAIRS OF JONAS JOHNSON

ON 18TH MARCH 19

Gross Liabilities		LIABILITIES		Expected to Rank		ASSETS		Expected to Produce	
£	s d	£	s d	£	s d	£	s d	£	s d
22 100	-	Unsecured Creditors (A)		22 100	-	Property (ii)—			
9 870	-	Partly secured Creditors (B)		-	-	Cash in hand		5	-
	-	Value of Securities		-	-	Office Furniture		40	-
	-	Surplus to contra		-	-	Plant and Machinery		4 200	-
	-			-	-	Life Policy in Atlas Assurance Co		192	-
4 764	-	Partly secured Creditors (C)		-	-	TOTAL		4 447	-
	-	Value of Securities		2 443	-	Book Debts (i)—		3 000	-
850	-	Preferential Creditors (F & G)		-	-	Good		500	-
	-	Rents Rates Taxes, and Wages		-	-	Doubtful		300	-
	-	Deducted as <i>per contra</i>		250	-	Bad		£800	-
	-			-	-	Surplus as <i>per contra</i> (Sch D)		200	-
	-			-	-	TOTAL ASSETS		2 237	-
	-			-	-	Deduct for Preferential Creditors as <i>per contra</i>		9 894	-
	-			-	-	NET ASSETS		600	-
	-			-	-	Deficiency (h)		9 284	-
	-			-	-			15 509	-
£37 984	-			£ 24 793	-			£ 24 793	-

9 284
£ 24 793 = 7/5½ in the £ *EXPENSES OF REALIZATION* are deducted

EXERCISE XXI—No 5

STATEMENT OF AFFAIRS OF THOMAS JONES

ON

Gross Liabilities	LIABILITIES		Expected to Rank		ASSETS		Expected to Produce	
£	£	s	d	£	£	s	d	£
2 050	<i>Unsecured Creditors (A)—</i>				<i>Property (H)—</i>			
	On Open Accounts	2 500	-		Cash in hand	800	-	20
	Liab. Notes on Bills	400	-		Stock in Trade		-	500
	Bank Overdraft	150	-	3 050	Trade Fixtures	300	-	120
500	Fully secured Creditors (B)	500	-		Plant and Machinery	500	-	400
	Estimated Value of Security	600	-				-	
	Surplus to creditors	100	-		Total		-	1 040
90	<i>Preferential Creditors—</i>				<i>Book Debts (I)—</i>			
	Rent for 1 year (F)	50	-		Good	250	-	500
	Rates and Taxes (G)	10	-		Doubtful	250	-	
	Domestic Servants Wages 3 mos (G)	30	-		Bad		-	
	Deducted as per contra	£90	-			£500	-	100
			-		Surplus as per contra (Sch. B)		-	100
			-				-	
			-		TOTAL ASSETS		-	1 740
			-		Deduct for Preferential Creditors as per contra		-	90
			-		Net Assets		-	1 650
			-		Deficiency (K)		-	1 400
£3 610			-	£2 050			-	£3 050

STATEMENT OF AFFAIRS OF WINTER & CO.
ON 29TH SEPTEMBER 19

Gross Liabilities			LIABILITIES			Expected to Rank			Assets			Expected to Produce		
£	s	d	£	s	d	£	s	d	£	s	d	£	s	d
6000	-	-	Unsecured Creditors (A)						Property (H)—					
4000	-	-	fully secured Creditors (B)			2400	-	-	Cash at Bank			410	-	-
			Value of Security (Stock)			3000	-	-	Stock in Trade			1200	-	-
			Surplus to <i>contra</i>			440	-	-	Furniture etc			250	-	-
1000	-	-	Partly secured Creditors (C)			1000	-	-	Land and Buildings			1000	-	-
			Value of Security (Stock)			565	-	-						
90	-	-	Preferred Creditors (G)—			90	-	-	TOTAL			2800	-	-
			Wages and Taxes deducted as <i>per contra</i>						Bank Debts (I)—					
									Good			500	-	-
									Doubtful			100	-	-
									Surplus as <i>per contra</i> (Sch D)			410	-	-
									TOTAL ASSETS			3800	-	-
									Deficit for Preferred Creditors as <i>per contra</i>			90	-	-
									NET ASSETS			3810	-	-
									Deficiency (I)			2675	-	-
												6845	-	-

EXERCISE XXI No 7 STATEMENT OF AFFAIRS OF SAMUEL HOBSON

ON

C	L	E P o R k	A r	P d ce
£ 0 3 0	secu d Cred se	£ 0	P p C b B k rs ho d H se	£ 420 2 000
£ 0	S p om a	80	000 O d Sh	000
500	P v se C s	0 300	B k D Good D u B d	3 0 280
	C s	500	B p E k s fer	000
	p u a		D at P a C d A k p nd a	800 380
			D b y	030 00
£ 0		£ 9 600		80 980 9 600

DEFICILNCY ACCOUNT

C n om n cen D fic n y ad p c s	Ad s	£	£	P d ce
	S m H so D w s R ss p nse U uccce A	£ 0 98		£ 00 3 0 5 0
	E F h d H se D b	60	200 2 00	800 3 620

EXERCISE XXI—No 8.

STATEMENT OF AFFAIRS OF CHARLES JACKSON

ON

Gross Liabilities		LIABILITIES		Expected to Rank		ASSETS		Expected to Produce.	
£	s d	£	s d	£	s d	£	s d	£	s d
753	4 11			753	4 11	Property (H)—			
800	—	Unsecured Creditors (A)	—			Cash in hand		1	10
	—	Fully secured Creditors (B)	—			Cash at Bank		140	2 3
	—	Value of Security (Works)	—			Cash in hands of Solicitor		10	—
	—	Surplus to <i>contra</i>	—			Stock in Trade			
200	—		—			Furniture		275	—
	—	Accommodation Bills (D)	—	200	—	Fittings		175	—
200	—	Contingent or Other Liabilities (E)	—			Machinery		50	—
88	14 8	Preferential Creditors—	—	100	—	Gold Watch and Chain		200	—
	—	Rent (F)	—					15	—
	—	Rates	10			TOTAL		866	12 3
	—	Income Tax (G)	29 18 3			Book Debts (I)—			
	—	Wages	20			Good		76	4 3
	—		29 15 5			Doubtful		296	11
	—	Deducted as <i>per contra</i>	—			Bad			
	—		—					£372	15 3
	—	SURPLUS (K)	—	162	6 8	Bills of Exchange (J)		30	—
	—		—			Surplus as <i>per contra</i> (Sch. B)		87	4
	—		—					200	—
	—		—			TOTAL ASSETS		1,302	6 3
	—		—			Deduct for Preferential Creditors as <i>per contra</i>		86	14 8
	—		—			NET ASSETS		£1,215	11 7
£7,039	19 7			£1,215	11 7				

EXERCISE XXI—No 9

STATEMENT OF AFFAIRS OF FRPD JACKSON

ON 31ST MARCH 19

Gross Liabilities		LIABILITIES		Expected to Rank		Assets		Expected to Produce	
£	s	£	s	£	s	£	s	£	s
15 290	-	Unsecured Creditors (A)		15 290	-	Property (11)—			
5 200	-	Fully secured Creditors (B)			-	Cash in hand		2 000	-
	-	Value of Securities			-	Stock in Trade			1 400
	-	Surplus to (C)			-	Fixed Plant and Machinery		4 000	-
	-	Partly secured Creditors			-	Household Furniture etc.			3 000
5 400	-	Value of Securities		1 100	-	600 Shares in Cooper & Co. Ltd			360
	-	Preferential Creditors—			-	(10% paid up quoted @ 12/8)			37½
25	-	Rent (1) deducted as per contra			-	TOTAL		6 650	-
	-				-	Bank Debts (1)—			
	-				-	Good			5 145
	-				-	Doubtful		500	-
	-				-	Bad		750	-
	-				-			£1 250	-
	-				-	TOTAL ASSETS			11 395
	-				-	Deduct for Preferential Creditors as per contra			25
	-				-	NET ASSETS			11 370
	-				-	Deficiency (K)			5 020
	-				-				16 390
£25 915	-			£16 390	-				

NOTE—The Securities consist of Leasehold Items as £9 000 and the Life Insurance Policy (at surrender value) £500

EXERCISE XXI—No. 9 (cont'd.)

DEFICIENCY ACCOUNT

[illegible]

EXERCISE XXI—No 11

STATEMENT OF AFFAIRS OF THE SANDY FREEHOLD LAND SOCIETY
ON 9TH JULY, 19 .

Cross Liabilities		Liabilities		Expected to Bank		Assets		Expected to Produce	
£	s d	£	s d	£	s d	£	s d	£	s d
200 000	-	Unsecured Creditors (A)	6 000	200 000	-	Property (H)—	-	100	-
6 000	-	Fully secured Creditors (B)	12 000	-	-	Cash in Office	-	900	-
	-	Value of Security	-	-	-	Cash at Bank	-	86 000	-
	-	Surplus to contra	6 000	-	-	Property	-	60 000	-
	-	Preferential Creditors (C)	-	-	-	Loans on Mortgage	-	-	-
300	-	Rates Taxes and Wages deducted as per contra	300	-	-	Office Furniture etc	-	100	-
	-		-	-	-	TOTAL	-	117 100	-
	-		-	-	-	Book Debts (I)—	-	1 000	-
	-		-	-	-	Good	-	-	-
	-		-	-	-	Doubtful	-	-	-
	-		-	-	-	Bad	-	-	-
	-		-	-	-		-	2 000	-
	-		-	-	-	Bills of Exchange (J)	-	22	-
	-		-	-	-	Surplus as per contra (Sch B)	-	8 000	-
	-		-	-	-	TOTAL ASSETS	-	128 122	-
	-		-	-	-	Deduct for Preferential Creditors as per contra	-	300	-
	-		-	-	-	NET ASSETS	-	125 822	-
	-		-	-	-	Deficiency (K)	-	74 178	-
	-		-	-	-		-	£200 000	-

ON 10TH OCTOBER 19

Gross Liabilities		LIABILITIES		Expected to Rank		Assets		Expected to Produce	
£	s	d	£	s	d	£	s	d	£
9 448	-	-	Unsecured Creditors (A)—			Property (H)—			85
			Trade Accounts			Cash			1,900
			Cash Advances			Stock in Trade			25
1,420	-	-	Partly-secured Creditors (B)			Office Furniture			500
			Value of Securities (Life Policies)			Plant, Tools etc			
						Investments			740
			Surplus to contra			Unfulfilled Contracts			3,000
10,134	-	-	Partly-secured Creditors (C)			Total			8 250
			Value of Securities			Bank Debt (I)—			1 883
105	-	-	Preferred Creditors—			Good Bid			600
			Rent (F)			Surplus as per contra (Sch. II)			
			Wages (G)			TOTAL ASSETS			9 109
			Deducted as per contra			Deduct for Preferential Creditors as per contra			125
£21,167	-	-				Deficiency (K)			8 044
									3 118
									12,162

DEFICIENCY ACCOUNT

Capital at commencement 1st Jan. 19		Deficiency as per Statement of Affairs		Trading Loss—		1st January to 10th October of same year		Drawings		Had Debts		Loss on Sale of Investments		Estimated Loss on Realisation—		Plant		Total	
£	s	d	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d	£	s
						189	-	-										374	-
						3 118	-	-										740	-
																		200	-
																		1,380	-
																		£3 707	-

NOV 31st DECEMBER 19

Gross Liabilities		LIABILITIES		Expected to Repay		ASSETS		Expected to Reproduce	
£	s d	£	s d	£	s d	£	s d	£	s d
14 050		Unsecured Creditors (A)		15 050		Property (H)—		10 100	
19 080		Partly secured Creditors (B)		—		Cash in hand		—	
		Value of Securities		13 080		Stock Trade		12 800	
2 060		Distributable Dividend		280		Machinery and Plant		—	
500		Preferential Creditors—				Land and Buildings		8 000	
		Wages Taxes etc. deducted as per co. 4		500		Loans		—	
						Bank Debts (I)		18 502	
						Good		7 883	
						Doubtful and Bad		178	
						TOTAL ASSETS		26 540	
						Deduct for Preference Creditors as per contra		500	
						NET ASSETS		26 040	
						Deficiency (K)		2 370	
				£ 28 410				£ 28 410	

DEFICIENCY ACCOUNT

Capital at Commencement		Trading Profit—		Drawings (2900 p. a. for 5 years)		Bills under Discount	
1st year	2nd year	3rd year	4th year	5th year	£	s	d
1002	65	550	500	500	12 100	—	4 500
					2 100	—	472
					7 000	—	1 500
					3 000	—	
						—	24 000
						—	280
						—	30 952
						—	—

STATEMENT OF AFFAIRS OF "A"
ON 31ST DECEMBER 19

Gross Liabilities	LIABILITIES	Expected to Rank	Assets	Expected to Produce
£	£ s d	£ s d	£ s d	£ s d
75,000	- - -	75,000	Property (H)—	300
10,100	- - -		Cash at Bank	30,900
	- - -		Stock (less loan of £100)	- - -
	- - -		Consignments	5,000
	- - -		Fixtures	1,500
	- - -		Machinery	- - -
	- - -		Cottages	12,000
	- - -			3,000
40,000	- - -		Total	61,500
	- - -		Bank Debts (I)—	- - -
	- - -		Good	- - -
	- - -		Doubtful	- - -
	- - -		Bad	- - -
7,000	- - -	24,000		20,000
	- - -	3,500		- - -
3,000	- - -			- - -
	- - -		Bills of Exchange (J)	2,000
	- - -		Surplus as per contra (Sch. B)	1,400
	- - -			1,000
	- - -		Total Assets	85,900
	- - -		Debted for Preferential Creditors as per contra	3,000
	- - -			- - -
	- - -		Net Assets	82,900
	- - -		Deficiency (K)	19,000
	- - -			£102,500
£138,100	- - -	£102,500		£102,500

EXERCISE XXI—No 14 (contd.)

DEFICIENCY ACCOUNT

	£	s	d	£	s	d	£	s	d
Capital at Commencement	50 000			As Savings			63 000		
Trading profits	30 50			1 ID bits			8 000		
Excess as per Statement of A.G.s	19 000			Letter fees on I and a n—					
				Sock					
				Extras			20 000		
				Machinery			1 500		
				Cottages			3 10		
				Liberty Bonds			25 000		
							3 500		
							£100 100		

STATEMENT OF AFFAIRS OF JOHN HOWSON

EXERCISE XXI No 15 ON

Gross Liabilities	LIABILITIES	Exp etc 1 to Rank	ASSETS	Expected to 1 real de
£	£	£	£	£
4 000	Unsecured Creditors (A)		Trade (B)—	15
1 000	Unsecured Creditors (B)	4 000	Trade etc	200
	Value of security		Stock	1 500
	Surplus to contra		Trade Machinery	1 400
2 000	Unsecured Creditors (C)		TOTAL	3 215
	Value of security		Bank Debts (D)—	1 000
500	Liability on Bills Discounted (D)	60	Good	
	Preference Credits—	250	Doubtful	100
115	Wages (E)		Bad	300
	Deducted as per contra		Surplus as per contra (Sch II)	4 015
			TOTAL ASSETS	115
			Deduct for Preference Credits as per contra	4 500
			Deficiency (K)	750
				£5 250

EXERCISE XXI—No. 16

STATEMENT OF AFFAIRS OF JOHN MASON

ON 31ST MARCH 19 .

Gross Liabilities		LIABILITIES		Expected to Rank		ASSETS		Expected to Produce	
£	s d	£	s d	£	s d	£	s d	£	s d
3 500	-	Unsecured Creditors (A)—				Profrty (H)—			
		Trade	2 300	-		Cash	-	-	-
		Cash	1 000	-	3 500	Stock	-	1 000	-
3 543	15	Fully secured Creditors (B)	3 543	15		Furniture, etc	-	180	-
		(Mortgages on Freehold Land and Buildings, all including 1 Qrs Interest)				Plant and Machinery	-	600	-
		Value of Security (Freehold Land and Buildings)	4 300	-		TOTAL	-	1 805	-
		Surplus to make	956	5		Bank Debts (J)—	-	1 000	-
1,000	-	Partly secured Creditors (C)	1 000	-		Good	-	-	-
		Value of Security	600	-	400	Doubtful	-	-	-
300	-	Preferred Creditors (F & G)—	300	-		Bnd	-	-	-
		Kent Rates Taxes and Wages deducted as per <i>foura</i>				Surplus as per contra (Sch. II)	-	100	-
						TOTAL ASSETS	-	956	5
						Deduct for Preferential Creditors as per <i>foura</i>	-	3 861	5
						Deficiency (K)	-	200	-
						N&P Assets	-	3 561	5
							-	338	15
							-	£3 900	-
(3 543 15)	-			£3 900	-		-	-	-

STATEMENT OF AFFAIRS OF HENRY JONES

ON

Gross Liabilities.			LIABILITIES			Expected to Rank			ASSETS.			Expected to Produce		
£	s	d	£	s	d	£	s	d	£	s	d	£	s	d
5365			<i>Unsecured Creditors (A).—</i>						<i>Property (H).—</i>			10		
			Open Accounts	196					Cash			1200		
			Bank Overdraft	1200					Stock in Trade					
			Bills Payable	2200				5365	Furniture and Fittings			80		
612			<i>Fully secured Creditors (B).—</i>						Household Furniture etc			250		
			Mortgage on House of £600 @ 4% (including interest of £12 due)	612					TOTAL					
			Value of Security	750					<i>Bank Debts (I).—</i>			1140		
			Surplus to contra	138					Good			1000		
500			Liability on Bills Discounted (D)	500		100			Doubtful					
50			<i>Preferential Creditors.—</i>						Bad					
			Rates (G)	1					Surplus as per contra (Sch B)			1000		
			Sundry	3					TOTAL ASSETS			138		
			Deducted as per contra	50					Deduct for Preferential Creditors as per contra			3678		
									NET ASSETS			50		
									Deficiency (K)			3628		
												1837		
£65.7								£5.46s				£5.46s		

STATEMENT OF AFFAIRS OF "A"

ON 15TH OCTOBER 19 .

Gross Liabilities			LIABILITIES			Expected to Rank			ASSETS			Expected to Produce		
£	s	d	£	s	d	£	s	d	£	s	d	£	s	d
23	504	7 6	Unsecured Creditors (A) <i>Fully secured Creditor (B)—</i> Rent Overdraft			23,508	7	6	Property (H)— Cash in hand (including Petty Cash) Stock Fixtures and Fittings Office Furniture			31	16	4
6,897	3	6	Value of Securities— (a) Freehold Property (£8,000) / (b) Stock (£2,383/10 ¹⁰) (as per Dock Warrant)			6,897	3	6	Private Assets (consisting of Life Policy £100 held as a security) and Household Furniture) Horses and Carts			7,468	17	9
						8,983	10	10	Total			7,329	7	2
			Surplus to <i>own use</i>			1,486	7	4	Book Debts (I)— Good Doubtful Bad			262	8	-
589	2	6	Partly secured Creditors Value of Security (Life Policy)			589	2	6				885	-	-
589	17	2	Liability on Bills Discounted (D)			100	-	-				682	5	-
						589	17	2				9,359	14	3
329	5	3	Contingent Liabilities (L)— Private Debt									4,780	3	5
182	3	6	Preferential Creditors— H. Jones for Rent (F) Rates (G)									365	-	-
			<i>Deducted as per accounts</i>									144	-	-
												509	-	-
												4,283	3	7
												1,486	7	4
												19,804	5	-
												192	3	6
												19,622	1	6
												5,084	7	2
												24,706	8	8
£32,245	19	5				£24,706	8	8	Deficiency (K) Next Assets Deficiency (K)					

STATEMENT OF AFFAIRS OF CATCHM & CHETAM
ON 31st DECEMBER 19

Gross Liabilities		LIABILITIES		Expected to Rank		ASSETS		Expected to reduce	
£	s	£	s	£	s	£	s	£	s
50 000	-	Unsecured Creditors (A)	-	50 000	-	Property (H)—	-	1 350	-
10 000	-	Fully secured Creditors (B)	-	-	-	Costs and Bills	-	10 800	-
		Value of Security (Works)	-	-	-	Stocks and Work in Progress	-	-	-
		Surplus to contra	-	-	-	Consignments	-	2 000	-
30 000	-	Partly secured Creditors (C)	-	-	-	Furniture and Fittings	-	1 000	-
		Value of Security (Loan on Stock)	-	-	-	Total	-	15 150	-
10 000	-	Liability on Bills Discounted (D)	-	22 800	-	Book Debts (I)—	-	18 000	-
1 000	-	Preferential Creditors (E)—	-	3 000	-	Good	-	-	-
		Salaries and Rates Deducted as per contra	-	-	-	Doubtful	-	-	-
			-	-	-	Bad	-	-	-
			-	-	-	£ 21 650	-	3 000	-
			-	-	-	Surplus as per contra (Sch B)	-	40 000	-
			-	-	-	TOTAL ASSETS	-	76 150	-
			-	-	-	Deduct for Preference at Creditors as per contra	-	1 000	-
			-	-	-	NET ASSETS	-	75 150	-
			-	-	-	Deficiency (K)	-	850	-
			-	-	-	£ 75 800	-	£ 75 800	-

Note—As Stock realize £18 000 instead of £25 000 the value of loan held by partly secured Creditors would be only equal to £8 of £10 000

EXERCISE XXI—No 20

MON 30TH JUNE 19

Gross Liabilities			Liabilities			Expected to Rank			Assets			Expected to Produce		
£	s	d	£	s	d	£	s	d	£	s	d	£	s	d
29 800	-	-	Unsecured Creditors (A)			29 800			Property (H)—					
2 000	-	-	Fully secured Creditors (B)			2 000			Cash in hand			10	-	-
			Value of Security (Property)			2 200			Stock in Trade			4 950	-	-
			Surplus to contra			200			Fixtures and Fittings			290	-	-
5 000	-	-	Partly secured Creditors (C)			5 000			TOTAL					
			Value of Securities			1 350			Bank Debts (I)—					
1 500	-	-	Liability on Bills Discounted			1 500			Good			7 312	10	-
			Preferential Creditors						Doubtful					
			Rates and Taxes (G) Deducted as per contra						Bad			150	-	-
240	-	-				240						£270	-	-
									Surplus as per contra (Sch B)					
									TOTAL ASSETS			12 742	10	-
									Deduct for Preferential Creditors as per contra			240	-	-
									NET ASSETS			12 502	10	-
									Deficiency (K)			21 047	10	-
												73 550	-	-

DEFICIENCY ACCOUNT

Capital at Commencement	Trading Profit—	1st year	2nd year	Deficiency as per Statement of Affairs
£ 2 100	£ 5 000	£ 1 800	£ 2 667	£ 7 500
420	2 500	800	10 500	2 600
	21 047 10			300
	£ 28 567 10			£ 108 567 11

STATEMENT OF AFFAIRS OF ALFRED SYKES
ON 31ST DECEMBER, 19

Gross Liabilities		LIABILITIES		Expected to Rank		ASSETS		Expected to Produce	
£	s d	£	s d	£	s d	£	s d	£	s d
51 750	-	Unsecured Creditors (A)		51 750	-	Property (H)—			
20 000	-	Fully secured Creditors (B)				Cash in hand		5	-
		Value of Security				Cash at Bank		1	-
		Surplus to contra				Stock (in Warehouse)		668	13 4
7 500	-	Partly secured Creditors (C)				Fixtures, Hoist, etc.		500	-
		Value of Security				Properties Stock, Book Debts (Brazil)		333	6 8
9 000	-	Liability on Bills Discounted (D)		2 750	-	Properties Stock, Book Debts (Brazil)		18 000	-
		Value of Security							
250	-	Preferential Creditors (G)—				Total		17 006	-
		Wages and Taxes Deducted as <i>per contra</i>				Good		6 650	-
						Doubtful		5 000	-
						Bad		4 500	-
								79 500	-
						Surplus as <i>per contra</i> (Sch. B)		3 333	6 8
								6 000	-
						TOTAL ASSETS		32 989	6 8
						Deduct for Preferential Creditors as <i>per contra</i>		250	-
						NET ASSETS		32 739	6 8
						Deficiency (K)		21 760	13 4
								54 500	-
£82 800	-			£54 500	-				

EXERCISE XXI—No 21 (cont'd.)

DEFICIENCY ACCOUNT

[illegible]

STATEMENT OF AFFAIRS OF JOHNSON & CALFY
ON 31ST DECEMBER 19

Cross Liabilities	LIABILITIES			Expected to Bank			ASSETS			Expected to Realise				
£	s	d	£	s	d	£	s	d	£	s	d	£	s	d
25 000	-	-	Unsecured Creditors (A)			25 000	-	-	Property (H)—			250	-	-
17 000	-	-	Fully secured Creditors (B)						Cash			9 000	-	-
			Value of Securities						Shares			9 000	-	-
			Surplus to <i>contra</i>			8 000	-	-	Property				-	-
23 000			Partly secured Creditors (C)						TOTAL			14 250	-	-
			Value of Securities			23 000			Bank Debts (I)—				-	-
						3 000			Good			1 000	-	-
750			For <i>Journal Creditors</i> (G)—						Doubtful				-	-
			Wages Salaries and Taxes deducted						Bad				-	-
			as per <i>contra</i>			750						£1 600	-	-
									Bills Receivable (J)			200	-	-
									Surplus as per <i>contra</i> (Sch. H)			4 250	-	-
									TOTAL ASSETS			8 000	-	-
									Deduct for Preferential Creditors as per <i>contra</i>			27 000	-	-
									Deficiency (K)			7 400	-	-
												27 000	-	-
												16 700	-	-
												45 900	-	-
£16 051	-	-											-	-

DEFICIENCY ACCOUNT

Capital at Commencement									
Deficiency as per Statement of Affairs									
£	s	d	£	s	d	£	s	d	£
			16 051			18 700			
								</	

EXERCISE XXI—No 24.

ROBINSON BROS' BALANCE SHEET

AS AT 3RD APRIL, 19..

LIABILITIES				ASSETS			
	£	s	d		£	s	d
Cash Creditors	26,092	-	-	Cash	843	-	-
Trade Creditors	31,280	-	-	Bank	1,050	-	-
Creditors	2,128	-	-	Debtors	2,975	-	-
				Stock	30,155	-	-
				Fixtures	1,400	-	-
				Life Policies	2,353	-	-
				Properties	14,395	-	-
				Partners Overdrawn—			
				Alfred	£2 885		
				Benjamin	2,282		
				Charles	1,182		
					6,329	-	-
	£ 59,500	-	-		£ 59,500	-	-

ALFRED ROBINSON'S BALANCE SHEET

AS AT 3RD APRIL, 19 .

LIABILITIES				ASSETS			
	£	s	d		£	s	d
Cash Creditors	2 578	-	-	Household Furniture	1,000	-	-
Tradesmen	697	-	-	Other Effects	3,000	-	-
Amount due to Partner ship	2 885	-	-	Deficiency	2,160	-	-
	£ 6 160	-	-		£ 6 160	-	-

Notes—

(a) It has been assumed that the Securities held by the Fully-secured Creditors, i.e. the amount of £14,395 would be represented by Property of the firm.

(b) The item 'Other Effects' represents the 'Securities' held by the Cash Creditors.

(c) The 'Securities' have been assumed not to have represented the ACTUAL taking over of assets at time of making Balance Sheets.

EXERCISE XXI—No 24 (*contd*)

BENJAMIN ROBINSON'S BALANCE SHEET

AS AT 3RD APRIL 19

LIABILITIES	£	s	d	ASSETS	£	s	d
Tradesmen	119			Household Furniture	1 000		-
Amount due to Partner ship	2 262	-	-	Deficiency . . .	1 381	-	-
	<u>£2 381</u>				<u>£2 381</u>		-

CHARLES ROBINSON'S BALANCE SHEET

AS AT 3RD APRIL 19

LIABILITIES	£	s	d	ASSETS	£	s	d
Cash Creditors	510		-	Household Furniture	500		-
Tradesmen	190	-		Reversionary Interest	200		-
Amount due to Partner ship	1 182			(under Will of J Smith)			
	<u>£1 882</u>			Deficiency	1 182		-
					<u>£1 882</u>		-

STATEMENT OF AFFAIRS OF ALFRED ROBINSON

ON 3RD APRIL 19

LIABILITIES	£	s	d	ASSETS	£	s	d
Unsecured Creditors (A)	697			Property (H)—			
Fully secured Creditors (B) £2 578				Household Furniture	1 000		-
Value of Security 3 000				Surplus as <i>per contra</i> (Sch B)	422		-
Surplus to <i>contra</i> 422							
Surplus to Partnership	725	-					
	<u>£1 422</u>				<u>£1 422</u>		-

EXERCISE XXI—No 24 (*contd*)

STATEMENT OF AFFAIRS OF BENJAMIN ROBINSON

ON 3RD APRIL, 19

LIABILITIES	£	s	d	ASSETS	£	s	d
Unsecured Creditors (A)	119	-	-	Property (H)—			
SURPLUS to Partnership	881	-	-	Household Furniture	1,000	-	-
	£1 000	-	-		£1 000	-	-

STATEMENT OF AFFAIRS OF CHARLES ROBINSON

ON 3RD APRIL, 19

LIABILITIES	£	s	d	ASSETS	£	s	d
Unsecured Creditors (A)	700	-	-	Property (H)—			
				Household Furniture .	£500		
				Reversionary Interest	200		
				(under Will of J Smith)	—	700	-
	£700	-	-		£700	-	-

EXERCISE XXI—No 24 *cont'd*

STATEMENT OF AFFAIRS OF ROBINSON BROS

ON 3RD APRIL 19

Gross Liabilities	Liabilities	Expected to Rank	Assets	Expected to Produce
£	£	£	£	£
37 922	Unsecured Creditors (A)	37 922	<i>Property (H)—</i>	843
10 435	Fully secured Creditors (B)		Cash & Bank	1 030
	Value of Securities		Stock & Trade	30 155
	Surplus to <i>contra</i>		Surplus from Estates	1 400
			Alfred Robinson	
9 015	Partly secured Creditors (C)		Benjamin Robinson	1 606
	Value of Securities			
1 340	Liabilities on Bills Discounted (D)	6 66	TOTAL	33 054
2 128	Preferential Creditors deducted as <i>contra</i>		Book Debts (I)—	2 975
			Good	3 980
			Surplus as <i>per contra</i> (S. h. B.)	
			TOTAL ASSETS	41 989
			Deduct for Preferential Creditors as <i>per contra</i>	2 128
			Deficiency (K)	90 881
			NET ASSETS	4 723
£80 840		£ 44 584		£ 44 584

STATEMENT OF AFFAIRS OF WOOD & SMITH
ON 1ST FEBRUARY, 19

Gross Liabilities		LIABILITIES		Expected to be paid		Assets		Expected to produce	
£	s d	£	s d	£	s d	£	s d	£	s d
25 000	5 0	Unsecured Creditors (A)—				Property (H)—			
		Trade	21 000			Cash in hand		65	4 10
		'A's Loan	2 000			Cash at Bank		270	14 2
4 600		Partly secured Creditors (B)	4 600			Stock		1 275	6 10
		Value of Security	4 000			Fixtures etc		200	
240	12 6	Preferred Creditors (C) deducted as per contra	240	12 6		TOTAL		1 811	5 10
						Bank Debts (I)—			
						Good		820	
						Doubtful		72	15 9
						Bad		41	5
								£ 114	— 0
						TOTAL ASSETS		2 549	5 10
						Deduct for Preferential Creditors as per contra		240	12 6
						NET ASSETS		2 309	13 4
						Deficiency (K)		23 291	12 2
£ 29 840	18			£ 25 000	5 0			£ 25 000	5 0

EXERCISE XXI—No 26

TRUSTEES FINAL STATEMENT OF ACCOUNT

[illegible]

EXERCISE XXI—No 27

TRUSTEE'S FINAL STATEMENT OF ACCOUNT

To Total Receipts from Date of Receiving Order—	£	s	d	£	s	d
Cash and Bank	4	7	11			
Miscellaneous	13	12	8			
Investments	40	17	2			
Life Policies	565					
Sundry Debtors	2 135	5	11			
	2 758	19	8			
	380	16	6	2 378	3	2
				£2 378	3	2

Less—	£	s	d	£	s	d
Refund of Cost of Petition						
Redemption of Policies	375	16	6	1 862	3	9
				11	14	10
				£2 378	3	2

TRUSTEES' FINAL STATEMENT OF ACCOUNT

To Total Receipts from Date of Receiving Order—		£	s	d	£	s	d
Stock	.	1 250	-	-			
Jewellery	.	700	-	-			
Furniture	.	450	-	-			
Buildings	.	3 000	-	-			
Trading	.	7 000	-	-			
Sundry Debtors	.	3 100	-	-			
		15 500	-	-			
Less—							
Redemption of Jewellery	£ 400						
Mortgage	2 000						
Trading	6 250						
		8 650	-	-	6 850	-	-
					£6 850	-	-

EXERCISE XXI No 29

JOURNAL

		£	s	d	£	s	d
19							
Jan 1	Dodd To Loose Plant Sale of horses	500	-		500		
" 1	Cash Bills Receivable To Dodd Receipt of £100 in cash and four acceptances each of the value of £100 for periods of 1 2 3 4 mos respectively	100 400			500		-
" 3	Bank Discount To Bills Receivable Acceptances due 4th Feb and 4th Mar discounted	19s 5			200		
" 31	Dodd To Bani (For his request for non presentment of bill due 4th Feb)	100	-		100		-
Apr 5	Bank To Bills Receivable Dodd's bill on 4th Feb	100			100		-
" 6	Dodd To Bills Receivable For cancellation of bill due 4th May	100	-		100		-
" 6	Bank To Dodd Settlement of Dodd's Account	200			200		-
May 1	Bank To Bradley Account Dividend of 6 6 in the £ received	2 1s			2 1s		-

EXERCISE XXI—No. 29 (contd.)

JOURNAL—(contd.)

19		£	s	d	£	s	d
May 1	Bad Debts Account To Bradley Balance of Bradley's A/c irrecoverable	7	5	-	7	5	-
" 2	Bank To Bad Debts Recovered Sum received from James, whose account had been written off as bad	5	-	-	5	-	-
" 3	Earle & Co To Sales Goods consigned to Earle & Co	100	-	-	100	-	-
" 4	Joint Account To French Tea purchased on Joint A/c with Brockle	500	-	-	500	-	-
" 5	Bank To Brockle Receipt of Brockle's half of cost of tea purchased in venture	250	-	-	250	-	-
" 6	Bank To Joint Account Sale for cash of tea on venture	700	-	-	700	-	-
" 7	Joint Account To Commission etc Commission and expenses of sale of tea on venture	18	6	-	18	6	-
" 7	Joint Account To Brockle Transfer of share of gain on venture	90	17	-	90	17	-
" 7	Brockle To Cash Payment of amount due to Brockle	340	17	-	340	17	-
		£3 715	-	-	£3 715	-	-

Dr		JOINT ACCOUNT				Cr			
19		£	s	d	19		£	s	d
May 4	To French	500	-	-	May 6	By Cash	700	-	-
" 7	" Commission, etc. (Expenses)	18	6	-					
" 7	" Brockle (½ share of Profit)	90	17	-					
" 7	" Profit and Loss A/c	90	17	-					
		£700	-	-			£700	-	-

EXERCISE XXI—No 29 (contd)

Dr				DODD				Cr				
19				£	s	d	19			£	s	d
Jan 1	To Loose Plant			400	-		Jan 1	By Bills Receivable		400	-	
31	Bank			100	-		1	Cash		100	-	
Apr 6	Bills Receivable			100	-		6			200	-	
				£700						£700		

Note—The account of Dodd has been shown to add clearness to the solution

EXERCISE XXI—No 30

An Accommodation Bill is a Bill of Exchange given by one person to another for the mutual benefit of both parties or for the benefit of either party. It is distinguished from an ordinary B/E as no value is given for it.

JONES JOURNAL

		£	s	d	£	s	d
19							
Jan 1	Jas Smith	1 000	-		1 000	-	
	To Bills Payable						
	For bill of £1 000 for 3 mos drawn for their mutual accommodation						
" 1	Bank	495	-				
	Discount	5	-				
	To Jas Smith				500	-	
	For share of proceeds of bill and discount charges						
Mar 31	Bills Receivable	1 100	-		1 100	-	
	To Jas Smith						
	For B/E to provide funds to meet bill of £1 000 for 3 mos						
" 31	Bank	1 090	-				
	Discount	10	-				
	To Bills Receivable				1 100	-	
31	Jas Smith	44	-		44	-	
	To Cash						
June 29	Jas Smith	1 100	-		1 100	-	
	To Bills Receivable						
	For bill dishonoured by Jas Smith becoming bankrupt						
Dec 31	Cash	272	-				
	Bad Debts Account	272	-				
	To Jas Smith				544	-	
	For composition of 10/- in £ on balance of £544 and balance written off as being irrecoverable						
		£5 388	-		£5 388	-	

EXERCISE XXI—No 33

BANK CASH BOOK (PAYMENTS)

Date	Particulars	Discount	Cash	Bank	Bo ght Ledger	Sal s Ledger	General Ledger	Private Ledger
19 Jan 4	By Wages	£		£ 27 13 6	£		£ 27 13 6	£
11	D Dunlop	8 14 8		165 18 6	174 13 2			
11	Wages			31 14 8			31 14 8	
13	Bills Payable			270 10 6			270 10 6	
16	J Ernest	4 6 9		82 9	86 15 9			
17	Jetty Cash			10				
18	Drawings			50				50
18	Wages			29 2 10			29 2 10	
19	Purchases A/c			50 10 5		150 7 6	50 10 5	
24	J Smith			150 7 6	217 6 10			
25	J Franklin	10 17 4		208 9 6				
		£ 23 18 9		£ 1 074 16 5	£ 478 15 0	£ 150 7 6	£ 409 11 11	£ 50

Note—See *Advanced Accounts* Chapter IX for *pro forma* examples of Adjustment Accounts

Dr

REALIZATION ACCOUNT

Cr

19 .	To Sundry Assets	£	s	d	19..	By Cash Balance, Loss on Realization— Brown's share = $\frac{1}{2}$ of £8 000 Robinson's share = $\frac{1}{2}$ of £8,000	£	s	d	£	s	d
		38,000	-	-			6,000	-	-	30 000	-	-
		£ 38 000	-	-			2,000	-	-	8 000	-	-
										£ 38 000	-	-

Dr

CASH ACCOUNT

Cr

19	To Realization A/c .	£	s	d	19	By Sundry Creditors Mortgage Bills Payable Brown's Capital A/c Robinson's Cap A/c	£	s	d
		30 000	-	-					9 000
									3 000
									1 000
									9 000
									8 000
		£ 30 000	-	-					30 000
									-
									-

Note - Brown receives £9 000 = (Capital Balance £15 000 - Share of Loss on Realization Account £6 000).
 Robinson receives £8 000 = (Capital Balance £10 000 - Share of Loss on Realization Account £2 000).

EXERCISE XXI—No 35

JOURNAL OF FREESTONE & CO LTD

19		£	s	d	£	s	d
	Depreciation Account . To Plant Account 10% of £80 000	8 000	-	-	8 000	-	-
	Profit and Loss Account To Depreciation Balance transferred	8 000	-	-	8 000	-	-
	Debenture Interest To Debenture holders Income Tax <i>Half year's Debenture Interest provided 5% of £30 000 for 6 mos less tax @ 10/-</i>	750	-	-	37s 37s	-	-
	Profit and Loss Account <i>To Debenture Interest</i> . Balance transferred	750	-	-	7s0	-	-
		£ 17 500	-	-	17 500	-	-
	Ordinary Share Dividend . To Ordinary Shareholders Income Tax Dividend provided @ 10% less Income Tax @ 10/-	7 000	-	-	3 500 3 500	-	-
	Profit and Loss Account To Appropriation Account Balance transferred	11 250	-	-	11 250	-	-
	Appropriation Account To Ordinary Share Dividend Balance transferred	7 000	-	-	7 000	-	-
		£ 25 250	-	-	25 250	-	-

CASH BOOK
(CREDIT SIDE)

		Bank		
19		£	s	d
	By Ordinary Shareholders	3 500	-	-

THE IDEAL NEWSPAPER CO. LTD.

BALANCE SHEET AS AT 31st DECEMBER 19..

CAPITAL AND LIABILITIES							
Nominal Capital—							
40 000 7% Preference Shares of £1 each	£	s	d	£	s	d	
60 000 Ordinary Shares of £1 each							
	40 000						
	60 000						
	£100 000						
Issued Capital—							
40 000 7% Preference Shares (7/8 paid)	15 000			15 000			
60 000 Ordinary Shares (5/- called)	180						
Add Calls in Advance							
	15 180						
	75						
Less Calls in Arrears							
				15 075			
Reserve				10 000			
Sundry Creditors				7 400			
Reserve for Wages				48			
Advertisements (repaid)				180			
Sales (repaid)				350			
Total and Less Accrued—							
Balance, 1st Jan	7 920						
Add Current Year Profit	9 259	5		10 559	5		

EXERCISE XXI—No. 38

THE SYLHET TTA PLANTATIONS LTD

THE STATE OF TEXAS,
COUNTY OF _____

NO 36

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19

	£	s	d	£	s	d	£	s	d
To Boxes Purchased	4 400								
By Sales—	9 527			672					
European									
Native									
Crop Expenses				113 927					
Manufacturing Expenses				4 200					
Balance Gross Profit c/d				9 480					
				2 435					
				41 714					
To Rent and Rates									
Machinery Repairs				543					
General Charges				423					
Hospital Expenses				311					
Marine Insurance				1 575					
Fire Insurance				248					
Law Charges				32					
Directors' Fees				350					
London Office Account (Salaries and Expenses)				1 021					
Auditors' Fees				52					
Freight Charges				2 085					
Manager's Commission				1 030					
Calcutta Agency Expenses				1 745					
Bad Debts Reserve (3% of £8 400)				420					
Depreciation—									
Machinery and Plant (10% of £3 700)				370					
Balance Net Profit c/d				11 105					
				21 440					

Dr		Appropriation Account		Cr	
To Dividend Paid	£ 100	By Balance b/f	£ 100		
To Reserve Account	3 000	Current Year Profit	21 155		
To Balance b/f	10 555				
	£ 21 655		£ 21 655		

EXERCISE XXI—No 38 (cont'd)

THE EVERETT TEA PLANTATIONS LTD.

THE BALANCE SHEET AS AT 31st DECEMBER 19.

CAPITAL AND LIABILITIES	£	s	d.
Nominal Capital—			
20,000 Ordinary Shares of £10 each	£200 000	-	-
Issued Capital—			
16,200 Ordinary Shares of £10 each, fully paid	5 000		
Reserve Account:	3 000		
Add Transfer from Profit			
Bank Overdraft			
Bills Payable			
Sundry Creditors			
Profit and Loss Account—			
Balance available for distribution . . .			
	£199 286	-	-
Plantations (Land and Buildings)			
Machinery and Plant			
Less Depreciation			
Stock			
Sundry Debtors			
Less Bad Debts Reserve			
Cash in hand			
	£199 286	-	-

EXERCISE XXI—No. 39

THE EXCELSIOR MANUFACTURING AND TRADING CO. LTD

Dr

	£	s	d	£	s	d
To Stock 1st Jan	26 100	5	3	10 000	12	1
Purchases	4 70	10	0	2 7	1	6
Less Returns Outwards						
Manufacturing Wages	10 740	4	3	10 808	4	3
Add Contribution due for Insurance				2 400	7	8
Manufacturing Expenses				13 701	8	
Balance Gross Profit c/d				£ 61 620	7	1
To Discounts Allowed						
Rates, Taxes and Insurance				375	9	8
Travelers' Commission and Expenses				1 024	8	4
Bad Debts				1 050	2	1
Salaries	1 287	9	6	820	10	2
Add Contribution due for Insurance	8 13 4			£ 1274	2	10
General expenses				357	1	2
Depreciation				2 077		
National Health Insurance	151	13	4			
Less Contributions due from—						
Wages	80	13	4			
Salaries				65		
Directors' Fees (amount provided)				2 70		
Bad Debts Reserve (5% of £28 250/7/2)	1 313	1				
Less Old Reserve	1 030	10	4	282	10	
				8 969	15	1
Balance (Net Profit to Appropriation Account)				£ 14 143	13	9

EXERCISE XXI—No 39 (contd.)

THE EXCELSIOR MANUFACTURING AND TRADING CO LTD

BALANCE SHEET AS AT 31ST DECEMBER, 19

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS	
Nominal Capital—		Land and Buildings	
60,000 Ordinary Shares of £1	£ 60 000	Machinery and Plant	
20,000 6% Preference Shares of £1	£ 20 000	Patents	
		Stocks	
Issued Capital—		Sundry Debtors	
50,000 Ordinary Shares 10/- called	£ 50 000	Less Bad Debts Reserve	
Add Calls Paid in Advance	£ 29 980	Bank	
	£ 79 980	Cash in hand	
Less Calls in Arrears	£ 30 070		
20,000 6% Preference Shares fully paid	£ 20 000		
Forfeited Shares	£ 10		
Sundry Creditors	£ 10,460		
Reserve Fund	£ 4 850		
Add Transfer from Profit and Loss	£ 1 000		
Director's Fees Outstanding	£ 720		
Profit and Loss Account—	£ 6 369		
Balance, 1st Jan	£ 7 050		
Add Current Year's Profit	£ 1 450		
Less Dividends	£ 5 640		
Less Transfer to Reserve Fund	£ 1 000		
	£ 71 210		

EXERCISE XXII—No. 1

STATEMENT OF AFFAIRS OF EXPRESS PARCELS SERVICE LTD AS AT 29TH FEBRUARY 19

	£		s		d		Book Value	Estimated to Produce		
	£	s	d	£	s	d		£	s	d
Unsecured Creditors	3 250						£ 650	3 000		
Secured Creditors	3 000						1 200	500		
Less value of security							975	375		
Expected to rank							1 480	810		
Preferential Creditors										
Deduct per Contra										

Dividends on £10 000 7 per cent Preference Shares are in arrear for one year

EXERCISE XXII—No. 2

STATEMENT OF AFFAIRS OF UNSOUND, LTD. AT ...

[illegible]

EXERCISE XXII—No. 3

PRESTON & CO. LIMITED

LIQUIDATOR'S FINAL STATEMENT OF RECEIPTS AND PAYMENTS

RECEIPTS	£	s	d	PAID	£	s	d
Cash at Bank	87			Expenses on Liquidation			
Proceeds of sale of—				Preferred Creditors			
Land and Buildings	2 128			Liquidator's Remuneration—			
Furniture and Plant	1 824			3 per cent on the amount realized	927	1	
Stock in Trade	1 457			2 per cent on amount distributed to unsecured creditors	135	18	3
Book Debts collected	2 186			Unsecured Creditors—First and final dividend of 15s 8 1/2d in the £ to—creditors on their unsecured claims amounting to 18 6 8			
				Balance to Bank of England (Liquidation Account)			
					6 790	14	7
					1	1	2
					£7 682		

Should any further information be desired by creditors or contributors I shall be happy to furnish it

Bankruptcy Hall,
London

1st April 19.

G K BUCKNALL 1 C 4

Liquidity

EXERCISE XXII—No 4.

A COMPANY LTD (IN VOLUNTARY LIQUIDATION)
LIQUIDATOR'S FINAL STATEMENT OF RECEIPTS AND PAYMENTS

Receipts	£	s	d	Payments	£	s	d
Cash in hand at beginning of Liquidation	50	-	-	Debentures repaid including six months interest and income tax thereon	10 250	-	-
Proceeds of sale of Company's Stock in Trade	3 600	-	-	Liquidation Expenses	48s	18	9
Proceeds of sale of Company's Plant etc	1 250	-	-	Preferential Creditors	370	-	-
Bank Balances collected	9 850	-	-	Liquidator's Remuneration —			
				3 per cent on £16 800	504	-	-
				2½ per cent on £3 062 10s	128	11	3
				Unsecured Creditors First and Final Dividend of 15s in the £ to — Creditors on their unsecured claims amounting to £8 750	630	11	3
					5 062	10	-
					£16 800	-	-

Should any further information be desired by Creditors or Contributors, I shall be happy to furnish it

21 Walbrook Street,
London, E C 2

5th July, 19..

H L PEARCE,
Incorporated Accountant

Liquidator.

EXERCISE XXII No 5

STATEMENT OF AFFAIRS OF FREDRICK AYLINC AT

LAB LIES		A SAYS	
f	s/d	f	s/d
1200	Credors fully secured		
	Less: matured value of securities	200	
		1600	
	Supposed to be secured	4	
500	Creditors partly secured		
	Less: estimated value of securities	500	
		40	
	Expected to rank		100

EXERCISE XXII—No 6

STATEMENT OF AFFAIRS OF S BROKE at 1st APRIL 1936

£	s	d	£	s	d	£	s	d	Estimated to Produce
2600	900	-	Unsecured Creditors (Creditors partly Secured)	800	-	Stock in Trade	-	-	£ 800
			Estimated Value of Security	800	-	Fixtures and Fittings	-	-	50
			Preferential Creditors deducted contra	200	-	Book Debts	-	-	850
						<i>Debit preferential creditors per contra</i>	-	-	1,230
						Deficiency explained in Deficiency Account	-	-	200
£3,100	-	-							1,080
									1,070
									£2 100

DEFICIENCY ACCOUNT OF S BROKE

£	s	d	£	s	d	£	s	d
1000	100	-	Estimated losses on Realization—					
			Business Premises	200	-			
			Fixtures and Fittings	100	-			
			Stock in Trade	800	-			
			Book Debts	70	-			
			Household and Personal Expenses from 1st April, 1935 to 1st April 1936			1,170	-	-
						740	-	-
						£1 910	-	-

BALANCE SHEET OF JAMES GIBSON AS AT 1ST JULY 19

LIABILITIES AND CAPITAL		ASSETS	
£	s	£	s
Sundry Creditors	242	Cash	17
Bank	1 000	Sundry Debtors	650
Loan on Mortgage	1 750	Stock & Trade	75
Capital	1 000	Fixtures and Fittings	300
		Premises	2 500
		Goodwill	800
	£4 992		£4 992

STATEMENT OF AFFAIRS OF JAMES GIBSON AS AT 1ST JULY 19

LIABILITIES AND CAPITAL		ASSETS	
£	s	£	s
Unsecured Creditors	1 242	Cash in hand	617
Creditors fully secured	250	Stock & Trade	75
Estimated value of security	1 750	Estimated to produce	420
Security provided to Partly secured Creditors	50	Fixtures and Fittings	300
Creditors partly secured	1 000	Estimated to produce	125
Estimated value of security	65	Household Furniture	100
Projected to rank	80	Goodwill	200
Contingent liability under guarantee expected to rank		Estimated to produce	100
		Bad Debts	900
		Deficiency	600
	£4 020		£4 020

EXERCISE XXII No. 8.

STATEMENT OF AFFAIRS OF WILLIAM GIMBLETT AT 15TH JANUARY, 19.

[illegible]

PURCHASE OF 5 PER CENT DEBENTURES ACCOUNT

Cr

Dr	1937 June 1	To Cash— £3 000 at 98 Transfer to Capital Reserve Account of profit on purchase of £3 000 Debentures Cash— £2 000 at 100½	£	s	d	1937 June 1	By Transfer to Debentures Account— Debentures cancelled Transfer to Capital Reserve Account of loss on purchase of £2 000 Debentures	£	s	d
	Sept 1		2 940			Sept 1		3 000		
			60					2 000		
			2 010					10		
			£5 010					£5 010		

CASH BOOK

Cr

Dr	1937 June 1	By Debit res— £3 000 at 98 Transfer to Capital Reserve Account of loss on purchase of £2 000 at 100½	£	s	d
	Sept 1		2 940		
			2 010		

251

5 PER CENT DEBENTURES ACCOUNT

Cr

Dr	1937 June 1	To Purchase of 5 per cent Debentures Account Purchase of 5 per cent Debentures Account	£	s	d	1937 Apr 1	By Balance brought down	£	s	d
	Sept 1		3 000					10 000		
			2 000							

CAPITAL RESERVE ACCOUNT

Cr

Dr	1937 Sept 1	To Purchase of 5 per cent Debentures Account	£	s	d	1937 June 1	By Purchase of 5 per cent Debentures Account	£	s	d
			10					60		

EXERCISE XXII—No. 10

PROFIT AND LOSS ACCOUNT OF BROWN JONES & SMITH FOR THE YEAR ENDED 30TH SEPTEMBER 1997

[illegible]

EXERCISE XXII—No 12

JOURNAL

	£	s	d	£	s	d
Profit and Loss Account To General Reserve Account Transfer of amount to reserve as per resolution dated	15 000	—	—	15 000	—	—
Preference Share Dividend Account To Sundry Preference Shareholders Final dividend of 3 per cent on 250 000 Preference Shares of £1 each declared by resolution dated	7 500	—	—	7 500	—	—
Profit and Loss Account To Preference Share Dividend Account Transfer	7 500	—	—	7 500	—	—
Sundry Preference Shareholders To Income tax Account Transfer of tax on £7 500 dividend at 4s 6d in the £	1 687	10	—	1 687	10	—
Profit and Loss Account To Employees Pension Fund Transfer of amount placed to fund as per resolution dated	10 000	—	—	10 000	—	—
Ordinary Share Account To Sundry Ordinary Shareholders Dividend of 20 per cent free of tax on 400 000 Ordinary Shares of £1 each declared by resolution dated	80 000	—	—	80 000	—	—
Profit and Loss Account To Ordinary Share Dividend Account Transfer	80 000	—	—	80 000	—	—
Bonus Dividend Account To Sundry Ordinary Shareholders Bonus of £1 Share taken at a price of £2 for every 50 shares held on 400 000 Ordinary Shares declared by resolution dated	16 000	—	—	16 000	—	—
Profit and Loss Account To Bonus Dividend Account Transfer	16 000	—	—	16 000	—	—
Sundry Ordinary Shareholders To Ordinary Share Capital Account Ordinary Share Premium Account Issue of 80 000 Bonus Shares of £1 each at a premium of £1 a share	16 000	—	—	8 000 8 000	—	—
	£249 687	10	—	£249 687	10	—

EXERCISE XXII—No 13.

JOURNAL

1936		£	s	d	£	s	d
Mar 10	Cash To Ordinary Share Application Account Being receipt of 5s a share on 10,000 shares due on application	2,500					
					2,500		
.. 31	Ordinary Share Application Account To Ordinary Share Capital Account Being 5s a share due on application on 10,000 shares	2,500					
					2,500		
	Ordinary Share Allotment Account To Ordinary Share Capital Account Being 15s a share due on allotment on 10,000 shares	7,500					
					7,500		
	Cash To Ordinary Share Allotment Account Being receipt of 15s a share on 10,000 shares due on allotment	7,500					
					7,500		
	Preference Share Capital Account Profit and Loss Account (Premium) To Sundry Members Being transfer of shares now redeemable and premium of 5 per cent thereon as per resolution	20,000					
		1,000			21,000		
	Sundry Members To Cash Being redemption of above shares	21,000					
					21,000		
	Profit and Loss Account To Capital Redemption Reserve Fund Being transfer of a sum equal to the amount applied out of profits in redeeming shares	10,000					
					10,000		
		£72,000			£72,000		

EXERCISE XXII—No 14

THE X RAILWAY CO
RECEIPTS AND EXPENDITURE ON CAPITAL ACCOUNT

TO EXPENDITURE	Amount Expended to 31st December 19—	BY RECEIPTS	Amount Received to 31st December 19—
	£		£
Lines open for Traffic	1 011 010	4 per cent Preference Stock	450 000
Lines in course of Construction	5 000	Ordinary Stock	600 000
Working Stock (Engines Carriages etc.)	115 000	4 per cent Debenture Stock	450 000
		Premiums on Stocks	35 000
Total Capital expended on Railway	1 230 010		
Contributions to Joint Lines	100 000		
Purchase of Grand Canal	30 000		
Total Expenditure	1 360 010		
Balance to General Balance Sheet	74 990		
	£1 435 000	Total Receipts	£1 435 000

GENERAL BALANCE SHEET 31ST DECEMBER 19

	£	s	d		£	s	d
Capital Account Balance at Credit thereof	74 990			Cash at Bank	54 000		
Debts due to other Companies	3 100			General Stores Stocks on Hand	85 860		
Sundry Tradesmen etc.	34 200			Traffic Accounts due to Company	35 600		
Fire Insurance Fund	9 000			Due from other Companies	2 700		
Superannuation Fund	20 000			Sundry Outstanding Accounts	9 700		
Balance to Credit of Net Revenue Account	10 510			Superannuation Fund Investments	20 000		
	£151 800				£151 800		

EXERCISE XXIII—Nos 1-8.

- (1) £20
 (2) £7 10s 4d per cent per annum
 (3) £3 13s 5d
 (4) £3 8s 5d or 3 419 per cent
 (5) £11 9s 6d
 (6) £6 6s 9d
 (7) £14 7s 6d
 (8) £3 16s 6d

EXERCISE XXIII—No 9.

See *Advanced Accounts* Chapter XXIII for Examples

EXERCISE XXIII—No 10

Dr INVESTMENT ACCOUNT Cr

(Annual investment of £250 at Compound Interest [yearly] 2½%)

Year		£	s	d	Year		£	s	d
1	To Cash	250			6	By Balance fwd	1630	17	1
	Interest	6	7						
2	To Cash	256	5						
	Interest	250							
		12	13	1					
3	To Cash	518	18	1					
	Interest	253							
		19	4	5					
4	To Cash	788	2	6					
	Interest	250							
		25	19	1					
5	To Cash	1064	1	7					
	Interest	250							
		32	17						
6	To Cash	1346	18	7					
	Interest	250							
		39	18	6					
		£1636	17	1			£1636	17	1

EXERCISE XXIII—No. 11

330 NEW ZFAL AND (1945) STOCK

UNRECEIVED PAYABLE 1ST APR L AND 1ST () 100FR)

6

Date	Particular	Vou n	Interst	Tr e pal	D e	I r t r	Norma	In cre t	Pri nc pal
19 Jun e i	To Cash £5000 a g l + B oker g e m o b o + s mp 48 - Int r s £181	£ 0	£ N	£ m4	19 t i	Bv C u h l y e r s Inter al o £5000 d Le l one Tax @ 5 %	£ 75 18	£ s d s d	£ s d
Apr 3	Profit on Sale of In s				9	Crs s above		56	
3	m c s Accto In cr st Accto		h 7	4 47	Air i q Air i d	C u h (as abo e C sh r bo r Sale £4000 / 89 l e s Expens s b 7 Intere t 9 11 Cash e (2 days l t e s T x Bala e c d		58 56 56	3 53
19 Apr 3	To Balance b f	£ 0	£	£440 9 7	d		100	£ 5 1	882 16 8
				85			£5000	£ 4 5 19 7	

Note—The NOMINAL column on credit is left as been used for details re dividends. In practice this would not be done. Exercises 15 and 16 have been similarly treated for purposes of economy.

DFBLNFTUR STOCK ACCOUNT

(DIVIDENDS PAYABLE 1ST APRIL AND 1ST SEPTEMBER)

Cr

Dr

		Nominal	Dividends	Principal		Nominal	Dividends	Principal	
		£	s	d		£	s	d	
19 Aug 3	To Cash £1 150 5% stock @ 8-1 + Strung etc £10/3/- - Interest i.e. 1/8 of £437/6	1 150 - -	£ 14 13 -	£ 978 15 -	19 Sept 1	By Cash— 6 mos @ 5% on £1 150 = 28 15 9 Less Income Tax @ 5/-	£ 28 15 9	£ 21 11 3	£ 997 10 7
19 Apr 30	To Profit on Sales Transfer to Dividends A/c		31 17 11	18 15 7	Apr 1 29	By Cash (as above) Sale of £1 150 5% Stock @ 88 - 11 expenses £11/1 + Interest £3/8/5 By Interest i.e. 5 1/2% of £437/6	1 150 - -	£ 21 11 3	997 10 7
		£1 150 - -	£ 46 10 11	£ 997 10 7			£1 150 - -	£ 46 10 11	£ 997 10 7

Note.—One year's dividend @ 5% on £1 150 = £57/10/-, deduct 5/- in £ for tax = £14/7/6
 .. Actual Cash value of year's dividend = £43/2/6.

ARCADIAN GOVERNMENT 5% BONDS

(INTEREST PAYABLE 1ST JANUARY AND 1ST JULY)

C

Dr

	Nominal	Interest	Principal		Nominal	Interest	Principal
19 May 3	£ 2 000	£ 33 8 6	£ 1 869 19 6	19 July 1	£	£ 50	£
To Cash i.e. £2 000 Arcadian Govt Bonds @ 92 + 2/6% Brokerage + 18 Stamp 1st 1/4 of £100)				By Cash i.e. 1 year Interest @ 5% on £2 000			
10 Sept 30		141 0 2	16 1 7	19 July 1	Cash (as above)	50	
Sept 30				Sept 30	Cash (as above)	50	
Transfer to Inter at A/c					£1 200 Bonds @ 98 + Interest £3/10 = £12 9 4)	50	964 8
				30	Cash i.e. 3 mos Interest on £2 000 @ 5%	24 18 8	
				30	Balance c/o £2 000 Bonds at cost proportion of Int rest £12 9 4)		22 10 5
Sept 30 To Balance b/d	£2 000	£174 18 8	£1 869 11 1				
	1 000		922 10 5		£2 000	£174 18 8	£1 869 11 1

JOHN STATHAM'S LEDGER

Dr.

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EXERCISE XXIII—No. 16

BLANK PRIMER STOCK

407

(DIVIDENDS PAYABLE 31st MARCH 30th JUNE 30th SEPTEMBER 31st DECEMBER)

5

[illegible]

Notes in this and some other examination procedure only a different rate is to be worked by the student after the examination is complete of

PARTICULARS RE SALES

	£	s	d	£	s	d	£	s	d	as per contra
A Sale of £6 000 Stock @ 92 =										
Less Expenses	2	14	-	5,520						
" Brokerage @ 1%	7	10	-							
" Dividend @ 4% for 2 mos on £6 000	37	13	4							
				47	17	4				
				£5 472	2	8				
B Sale of £6 000 Stock @ 91										
Less Expenses	2	14	-	5,460						
" Brokerage @ 1%	7	10	-							
				10	4	-				
				£5 449	16	-				

EXERCISE XXIII—No. 17

THE BROKER'S LEDGER

7

SNOWFLAKE PHILIP

	19	s	d	f
To £15 000 Mexican Ordinary @ 46½	July 16	7	012	10
" £14,000 South-Eastern @ 32½	" 21	4	497	10
" £18 000 North-Western @ 69½	" 23	11	110	-
Commission	" 23	56	5	-
(¼ % of Nominal value of above)				
Cash	" 30	283	15	-
		£ 22 960	-	-
To £15 000 Mexican Ordinary @ 47 b/d	July 10	7	050	-
" £16 000 North-Western @ 69½ b/d	" 30	11,150	-	-
" Contango	" 30	38	15	-
		£ 22 960	-	-
By £14 000 South-Eastern @ 34	July 24			
" £15 000 Mexican Ordinary @ 47 c/d	" 30			
" £16,000 North-Western @ 69½ c/d	" 30			
		£ 22 960	-	-

EXERCISE XXIII—No. 18

See *Advanced Accounts*, pages 1044 (under 'Tabular System of Book keeping) and 1046-7 (specimen of Visitors' Ledger).

EXERCISE XXIII—No 20

See *Advanced Accounts* page 1048 for specimen

EXERCISE XXIII—No 21

Specimen of Rates Ledger for a Water Co is appended—

District *L* Period *Quarter ending 25th March 19*
 Name of Road or Street *Martin Street* Date for Payment *25th April 19*
 Name of District Collector *J Phillips*

No of House	Name of Resident	Rents & Assessments	Per Cent Charge	SPECIAL SUPPLIES FOR			Amount of Tax	Date of Payment	Amount Paid	Arrears	Paid Debits	Remarks
				Baths rooms	W.C.s	Horses						
75	Johnson J M Happes, Abc.	£ 100 100	8% 8%	4	2	—	£ 8 8	Apr 12 13	£ 7 10 5	£ 3 —	£ 3 d	Remove 1— cannot trace

EXERCISE XXIII No 22

TABULAR DAY (OR INVOICE) BOOK FOR HOTTE

Date	Name	Led Fol	To a	Prov s ons	Go ce es	Ac B r ad M e a s	W n am l q u	C a f o a c	l u i s t am f t m s	H o s e B l and T b l e l e n	Cutlery (l a s s a n) l a t	Sund e
12 June 23	Dawson F	7	17									
24 Buck al G		8	11		7							
25 Some s l		9	14	10	6	9						11

EXERCISE XXIII—No. 23

JOURNAL OF Z

1937			£	s	d	£	s	d
Dec 31 (a)	Preference Share Dividend A/c	Dr	1 275	-	-			
	To Preference Shareholders					956	5	-
	, Income Tax @ 5s ¹					318	15	-
„ 31	Profit and Loss Appropriation Ac	Dr	1,275	-	-	1,275	-	-
	count							
	To Preference Share Dividend							
„ 31 (b)	Ordinary Share Dividend A/c	Dr	5,000	-	-			
	Bonus Account	Dr	1,000	-	-	6 000	-	-
	To Ordinary Shareholders							
„ 31	Profit and Loss Appropriation Ac	Dr	6,000	-	-	5 000	-	-
	count					1,000	-	-
	To Ordinary Share Dividend							
	Bonus Account							
„ 31 (c)	Profit and Loss Appropriation Ac	Dr	5,000	-	-	5 000	-	-
	count							
	To General Reserve Account							
„ 31 (d)	General Reserve Account	Dr	20 000	-	-	20 000	-	-
	To Bonus Account							
	Bonus Account	Dr	20 000	-	-	20 000	-	-
	To Ordinary Share Capital A/c							

¹ The matter of Income Tax, though not in the question has been raised as a matter of course at an assumed rate only

EXERCISE XXIII—No. 24

(a) The three ways by means of which Debentures may be redeemed are—

(1) Out of Profits (2) out of Capital and (3) by means of a Sinking Fund (See *Advanced Accounts* page 686 *et seq*)

(b) The circumstances under which Bonus Shares would be issued are two-fold, namely—

(1) When a company has accumulated large Reserves out of profits, and (2) when successful trading causes the shares of such companies to be "above par," or at a premium (see *Advanced Accounts*, page 714 for example of issue of Bonus Shares).

CASH ACCOUNT		19 .		19 .		19 .		19 .	
	£	s	d	£	s	d	£	s	d
To Balance				500	-	-	2,000	-	-
.. Realization A/c.				4 550	-	-	500	-	-
.. Deficiency A/c—							500	-	-
A .	566	13	4				250	-	-
B	566	13	4					-	-
.. C's Estate.				1 133	6	8			
				250					
							3,183	6	8
							£6 433	6	8

D.		A s CAPITAL ACCOUNT				C.		
		£	s	d		£	s	d.
19..	To Share of C's Over-drawn A/c, $\frac{1}{2}$.	510	8	4	By Balance . . .	2,500	-	-
	. Cash . . .	1,989	11	8				
		£2 500	-	-		£2,500	-	-

B's CAPITAL ACCOUNT

Dr		Cr	
19	To Share of C's Overdrawn A/c ½ Cash	19	By Balance
	£ s d		£ s d
	306 5		1 500 -
	1 193 15		
	£1 500		£1 500

C's CAPITAL OVERDRAWN ACCOUNT

Dr		Cr	
19	To Balance Share of Deficiency	19	By Cash Balance A ½ B ½
	£ s d		£ s d
	500		510 8 4
	566 13 4		306 5
	£1 066 13 4		816 13 4
			£1 066 13 4

FINAL STATEMENT

Amount due to Partners in respect of Capital—

A ½ of £3 183½

Less Contribution 1 e Share of Deficiency

B ½ of £3 183½

Less Contribution 1 e Share of Deficiency

£ s d	£ s d
1 089 11 8	
566 13 4	1 433 19 4
1 193 15	
566 13 4	627 1 8
	£0 050 -

EXERCISE XXIII—No 27

JOURNAL
OPENING ENTRIES

19			£	s	d	£	s	d
Jan 1	Cash in hand		50	-	-			
	at Bank		500	-	-			
	Port Wine (5 pipes @ £60 a pipe)		300	-	-			
	Sherry (5 butts @ £50 a butt) .		250	-	-			
	H. Johnson		50	-	-			
	Bills Receivable		250	-	-			
	Office Furniture		100	-	-			
	To A. Robinson					90	-	-
	.. W. Walters					60	-	-
	.. Bill Payable					50	-	-
	(A. Robinson due 6th Jan.)							
	.. W. Brown (vendor)					1 300	-	-
			£1 500	-	-	£1 500	-	-

JOURNAL ENTRIES

19			£	s	d	£	s	d
Jan 1	W. Brown (vendor)		800	-	-	800	-	-
	To Share Capital Account							
	For issue of 800 shares of £1 each as fully paid in part payment of purchase price of business							
1	Sundry Shareholders		1 700	-	-	1 700	-	-
	To Share Capital Account							
	For issue of balance of shares, i.e. 1 700 shares of £1 each							
			£2 500	-	-	£2 500	-	-

CASH BOOK
(DEBIT SIDE)

			(DEBIT SIDE)	Cash			Bank		
19				£	s	d	£	s	d
Jan	1	To Balance		50	-	-	500	-	-
"	1	„ Sundry Shareholders	:				1 700	-	-
				£50	-	-	£2 200	-	-

(CREDIT SIDE)

			(CREDIT SIDE)			Cash			Bank		
19						£	s	d	£	s	d
Jan	1	By W Brown (vendor)	.	.					500	-	-
	1	.. Balance c/d	.	.	.	50	-	-	1,700	-	-
						£50	-	-	£2 200	-	-

EXERCISE XXIII—No 28

JOURNAL

		£	s	d	£	s	d
19 Jan	Application Account	20 000					
	Alotment Account	40 000					
	To Share Capital Account				60 000		
	For issue of 20 000 shares upon which £1 per share on application and £2 per share on allotment has been made						
Apr	First Call Account	60 000					
	To Share Capital Account				60 000		
	For £3 per share on 20 000 shares						
June	Second Call Account	60 000					
	To Share Capital Account				60 000		
	For £3 per share on 20 000 shares						
	Business Purchase Account	180 000			180 000		
	To Messrs Wilson & Co (vendors)	125 000			125 000		
	For purchase of Gladsdale Iron Works from vendors as per agreement						
	Messrs Wilson & Co (vendors)	25 000			25 000		
	To Share Capital Account						
	For issue to vendors of 2 500 shares of £10 each as fully paid being part payment of purchase price of business						
		£330 000			£330 000		

TRIAL BALANCE

	£	s	d	£	s	d
Business Purchase Account	125 000					
<i>Calls in Arrears—</i>						
1st Call Account	15 000					
2nd Call Account	£12 500					
	17 500					
Cash at Bank	67 500					
Share Capital				205 000		
	£205 000			£205 000		

EXERCISE XXIII—No. 28 (contd)

CASH BOOK
(DEBIT SIDE)

			Bank		
		£	s	d	
19 Jan	To Application and Allotment A/c				£ 60 000
Apr	.. First Call Account				55,000
June	.. Second Call Account				47 500
					<u>£162 500</u>

(CREDIT SIDE)

			Bank		
		£	s	d	
19 June	By Messrs Wilson & Co (vendors)				£ 100 000
.. ..	.. Balance c/d				62,500
					<u>£162,500</u>

Dr APPLICATION AND ALLOTMENT ACCOUNT (SHARES)

Cr

		£	s	d		£	s	d
19 Jan	To Share Capital	60 000	-	-	19 Jan	By Cash	60 000	-

Dr FIRST CALL ACCOUNT (SHARES)

Cr

		£	s	d		£	s	d
19 Apr	To Share Capital	60 000	-	-	19 Apr	By Cash	55 000	-
					"	.. Balance c/d	5 000	-
		<u>£60 000</u>	-	-			<u>£60 000</u>	-

Dr SECOND CALL ACCOUNT (SHARES)

Cr

		£	s	d		£	s	d
19 June	To Share Capital	60 000	-	-	19 June	By Cash	47,500	-
					"	.. Balance c/d	12 500	-
		<u>£60,000</u>	-	-			<u>£60 000</u>	-
	To Balance b/d	12,500	-	-				-

EXERCISE XXIII—No 29

JOURNAL OF MESSRS BLACK & TAN LTD

19 Jan		£	s	d	£	s	d
	Sundry Shareholders To Ordinary Share Capital	75,000	-	-	75,000	-	-
	Sundry Shareholders To Preference Share Capital	100 000	-	-	100 000	-	-
	Business Purchase Account To Vendor's Account For part value of business purchased	50,000	-	-	50,000	-	-
	Vendor's Account To Ordinary Share Capital For issue to vendor of 10 000 shares of £5 each as part pay- ment of purchase price of busi- ness	50 000	-	-	50,000	-	-
	Ordinary Share Capital To Forfeited Shares Account Unpaid Calls	2 500	-	-	1,500 1,000	-	-
	Debenture Holders To Debentures	100 000	-	-	100 000	-	-
		£377 500	-	-	£377 500	-	-

CASH BOOK
(DEBIT SIDE)

19 Jan		£	s	d
	To Sundry Shareholders (Ordinary Shares)	75 000	-	-
	Sundry Shareholders (Preference Shares)	100 000	-	-
	Debenture Holders	100,000	-	-
		£274 000	-	-

EXERCISE XXIII No 29 (cont.)

MESSRS BLACK & TAN LTD
BALANCE SHEET AS AT JANUARY 19

CAPITAL AND LIABILITIES	£	£	PROPERTY AND ASSETS	£	£
<i>Nominal Capital—</i>			Business Purchase Account		
20 000 6% Preference Shares		100 000	Cash at Bank		50 000
of £5 each		150 000			274 000
30 000 Ordinary Shares of £5		150 000			
each		224 000			
<i>Issued Capital—</i>					
20 000 6% Preference Shares of		100 000			
£5 each fully paid		122 500			
24 500 Ordinary Shares of £5		122 500			
each fully paid		149 000			
<i>4% Debentures—</i>		1 500			
1 000 Bonds of £100 each					
Forfeited Shares		124 000			124 000

EXERCISE XXIII—No 30

THE STATUTORY AND STATISTICAL BOOKS

(Incorporated under the

APPLICATION AND ALLOT

No of Application	Date of Application	NAME	ADDRESS	Occupation	No of Shares Applied for	Amount Paid on Application
1	19 Feb '16	Smith, T	12 Brooke Street, Lyndhurst	Surveyor	1 200	£ 1,800
2	17	Finch, T F	64 Fleet Street London E C	Journalist	600	900
3	18	Strong P	17 Thornville Road Buxton	Architect	1 000	1 500
4	18	Carter G M	2 Boulders Lane, Cleethorpes	Spinner	600	900
5	18	Turner R	56 Longworth Road Thurston	Merchant	1 200	1 800
6	19	Brown A	95 St Peter's Road Somerset	Broker	1 000	1 500
7	19	Trelwyn N	110 Lime Street, Liverpool	Mason	1 500	2 250
8	20	Phillipott L	14 Larnewa Avenue Buxton	Butcher	600	900
9	20	French, H	106 Corncliffe Lane Leicester	Designer	1 200	1 800
10	21	Smith, A	2 Grange Mansions, Pudworth	Banker	2 500	3 750
					11 400	17,100

SHAREHOLDERS' CASH

Date	Receipts	For	Amount	Date	Payments	For	Amount
19 Feb '16	To Application A c—		£ 17,100	19 Feb '16	By Balance b/d		£ 17,100
18	Smith T	1 800	-				
17	Finch, T F	900	-				
18	Strong P	1 500	-				
18	Carter, G M	900	-				
18	Turner R	1 800	-				
19	Brown, A	1 500	-				
19	Trelwyn N	2 250	-				
20	Phillipott L	900	-				
20	French H	1 800	-				
21	Smith A	3 750	-				
			£ 17,100				£ 17,100

THE BRITISH TIMBER SYNDICATE LTD

Companies Act 1929)

NTS BOOK (PREFERENCE SHARES)

of ex ot 1	Dis ctive Numbers		S L Fo	Amount Due on App a on a d Alotment		Balance Due on Alotment	Amount Pd on Alotment		Cash Letu el	No of Sh e Cert ficate	R n
	From	To									
00	1	1000		£	s	d	1	00			
00	1001	1000		1	00		1	00			
00	1001	2000		1	00		1	00			
00	2001	3000		1	00		1	00			
00	3001	4000		1	00		1	00			
00	4001	5000		1	00		1	00			
00	5001	6000		1	00		1	00			
00	6001	7000		1	00		1	00			
00	7001	8000		1	00		1	00			
00	8001	9000		1	00		1	00			
00				£	30	00		12	00		

BOOK (PREFERENCE SHARES)

Date	Rece pts.	For	Amount	Date	Pay ments.	For	Amount
9 b 21 23	To Balance b/d Alotment A c— Scrib F Fench Thos E Strong P Carter G M Tur cr R Bourn A Telwyn N Ph ipot L Fre c H Scrib A		£ 17 100 1 00 6 0 1 00 6 00 1 00 1 00 2 0 6 00 1 200 2 250 £ 30 000	19 Feb 23	By Balance to Gen eral Cash Book		£ 40 000 30 000

Number of }
Certificate }

THE COMPANIES ACT 1909
RETURN OF ALLOTMENTS
OF THE
BRITISH TIMBER SYNDICATE, LTD

A Company's
Fee Stamp of
5s
must be
impressed here.

made 23rd day of February, 19 .

Number of the PREFERENCE Shares allotted payable in	10,000
Cash	
Nominal Amount of the PREFERENCE Shares so allotted	£100,000
Amount paid or due and payable on each such PREFERENCE Share	£10
Number of Shares allotted for a consideration other than	10,000
Cash	ORDINARY
Nominal Amount of the Shares so allotted	£100,000
Amount to be treated as paid on each such Share	£10

The Consideration for which such Shares have been allotted is as follows—

Part Payment of the purchase price to acquire the business of Messrs Poole & Co (vendors)

NAMES, ADDRESSES AND DESCRIPTIONS OF THE ALLOTTEES IN THE BRITISH TIMBER SYNDICATE LIMITED

SURNAME	CHRISTIAN NAME(S)	ADDRESS	Description	Number of Shares Allotted		
				Preference	Ordinary	Deferred
Smith	Ired	12 Brooke Street, Lyndhurst	Surveyor	1 000		
Finch	Thomas F	64 Fleet Street, London E.C.	Journalist	500		
Strong	Phillip	17 Thorndike Road, Buxton	Architect	1 000		
Carter	Grace M	7 Bankers Lane, Cleethorpes	Spinstress	500		
Turner	Reginald	6 Longworth Road, Thurston	Merchant	1 000		
Brown	Arthur	95 St. Peter's Road, Somerset	Broker	1 000		
Irelwyn	Norman	110 Lime Street, Liverpool	Mason	1 500		
Phillipott	Leslie	14 Larneway Avenue, Buxton	Butcher	500		
French	Harold	106 Corncliffe Lane, Leicester	Designer	1 000		
Smith	Alfred	2 Grange Mansions, Pudworth	Banker	000		
Foote & Co. (vendors)					10 000	
				10 000	10 000	

CALL BOOK

First Call of £3 per Share made

S L Folio	NAME	ADDRESS.	No of Shares Held
	Smith, F	12 Brooke Street, Lyndhurst	1,000
	Finch, Thos E	64 Fleet Street, London, E C	500
	Strong, P	17 Thornville Road, Buxton	1 000
	Carter, G M	2 Boulders Lane, Cleethorpes	500
	Turner, R	56 Longworth Road, Thurston	1 000
	Brown, A	95 St Peter's Road, Somerset	1,000
	Trelwyn, N	110 Lime Street, Liverpool	1,500
	Philpott L	14 Larneway Avenue, Buxton	500
	French H	103 Corncrake Lane, Leicester	1 000
	Smith, A	2 Grange Mansions, Pudworth	2 000
			10 000

CALL BOOK

Second Call of £2 per Share made

S L Folio	NAME	ADDRESS	No of Shares Held
	Smith, F	12 Brooke Street Lyndhurst	1 000
	Finch, T E	64 Fleet Street London, E C	500
	Strong P	17 Thornville Road, Buxton	1 000
	Carter G M	2 Boulders Lane, Cleethorpes	500
	Turner, R	56 Longworth Road, Thurston	1 000
	Brown A	95 St Peter's Road, Somerset	1 000
	Trelwyn N	110 Lime Street, Liverpool	1 500
	Philpott L	14 Larneway Avenue, Buxton	500
	French, H	103 Corncrake Lane, Leicester	1 000
	Smith, A	2 Grange Mansions, Pudworth	2 000
			10 000

(PREFERENCE SHARES)

April 1st and payable on same date

Amount Due			Amount Paid			ARREARS			Calls Paid in Advance			Remarks
						Amount	Days	Interest				
£	s	d	£	s	d							
3 000	-		3 000	-								
1 500	-		1 500	-								
3 000	-		3 000	-								
1 500	-		1 500	-								
3 000	-		3 0 0	-								
3 000	-		3 000	-								
4 500	-		4 500	-								
1 500	-		1 500	-								
3 000	-		3 000	-								
6 000	-		6 000	-								
30 000	-		30 000	-								

(PREFERENCE SHARES)

June 1st and payable on same date

Amount Due			Amount Paid			ARREARS			Calls Paid in Advance			Remarks
						Amount	Days	Interest				
£	s	d	£	s	d							
2 000	-		2 000	-								
1 000	-		1 000	-								
2 000	-		2 000	-								
1 000	-		1 000	-								
2 000	-		2 000	-								
2 000	-		2 000	-								
3 000	-		3 000	-								
1 000	-		1 000	-								
2 000	-		2 000	-								
4 000	-		4 000	-								
20 000	-		20 000	-								

CALL BOOK

(Final Call of £2 per Share made)

S L Folio	NAME.	ADDRESS.	No of Shares Held
	Smith, F	12 Brooke Street, Lyndhurst	1 000
	Finch T L	64 Fleet Street, London, E C.	500
	Strong P	17 Thornville Road, Buxton	1 000
	Carter G M	2 Boulders Lane Cleethorpes	500
	Turner R	56 Longworth Road, Thurston	1 000
	Brown, A	95 St Peter's Road, Somerset	1 000
	Trelwyn N	110 Lime Street, Liverpool	1 500
	Philpott L	14 Larnway Avenue, Buxton	500
	French H	106 Corncrake Lane, Leicester	1 000
	Smith, A	2 Grange Mansions, Pudworth	2 000
			10 000

Dr

SHAREHOLDERS CASH

S L Folio	RECEIPTS	1st Call April 1st			2nd Call June 1st			Final Call Aug 1st			Total		
	To Smith F	£	s	d	£	s	d	£	s	d	£	s	d
	Finch T L	3 000	-	-	2 000	-	-	2 000	-	-	7 000	-	-
	Strong P	1 500	-	-	1 000	-	-	1 000	-	-	3 500	-	-
	Carter G M	3 000	-	-	2 000	-	-	2 000	-	-	7 000	-	-
	Turner R	1 500	-	-	1 000	-	-	1 000	-	-	3 500	-	-
	Brown A	3 000	-	-	2 000	-	-	2 000	-	-	7 000	-	-
	Trelwyn N	3 000	-	-	2 000	-	-	1 000	-	-	6 000	-	-
	Philpott L	4 500	-	-	3 000	-	-	3 000	-	-	10 500	-	-
	French, H	1 500	-	-	1 000	-	-	1 000	-	-	3 500	-	-
	Smith, A	3 000	-	-	2 000	-	-	2 000	-	-	7 000	-	-
		6 000	-	-	4 000	-	-	4 000	-	-	14 000	-	-
		£ 30 000	-	-	20 000	-	-	19 000	-	-	69 000	-	-
Aug 10	To Brown A (arrears in- cluding Int.)										1,004	2	2

(PREFERENCE SHARES)

1st August and payable same date)

Amount Due			Amount Paid			ARREARS			Calls Paid in Advance	Remarks
£	s	d	£	s	d	£	s	d		
2 000			2 000							
1 000			1 000							
2 000			2 000							
1 000			1 000							
2 000			2 000							
2 000			1 000			1 000			4	2
3 000			3 000							
1 000			1 000							
2 000			2 000							
4 000			4 000							
20 000			19 000			1 000			4	2

BOOK (PREFERENCE SHARES)

Cv

S L Folio	PAYMENTS	1st Call Apr 1 1st			2nd Call June 1st			Final Call Aug 1st			Total		
		£	s	d	£	s	d	£	s	d	£	s	d
	By Transfer to General Cash Book	30 000	-		20 000			19 000			69 000	-	
		30 000			20 000			19 000			69 000	-	
Aug '06	By Transfer to General Cash Book										1,681	2	2

REGISTER OF TRANS

No of Trans fer	Date Trans fer Regis tered	TRANSFEROR S				S L Fo	NAME
		S L Fo	NAME	ADDRESS	Occupation		
1	19 Mar 10	}	Poole & Co (vendors)			}	Laurel F Tomlin, P Charlton L. Dalton C Soames, K
2	Mar 22						
3	May 24						
4	June 23						
5	Sept 19						

REGISTER OF TRANS

No of Trans fer	Date Trans fer Regis tered	TRANSFEROR S				S L Fo	NAME
		S L Fo	NAME	ADDRESS	Occupation		
1	19 Mar 25		Smith, F	12 Brooke Street, Lyndhurst	Surveyor		Finch T E
2	Apr 20		Philpott L.	14 Larnsey Avenue Buxton	Butcher		French M
3	May 16		Smith A	2 Grange Mansions, Pudworth	Banker		Finch T
4	July 16		Trelwyn, N	110 Lime Street Liverpool	Mason		Turner, R
5	Aug 20		Strong P	17 Thornville Road, Buxton	Architect		French M

FFRS (ORDINARY SHARES)

TRANSFERREES		SHARES TRANSFERRED					No of New Certificate	Remarks
ADDRESS	Occupation	No of Shares	Distinctive Numbers		Amount Paid up			
			From	To				
16 Penzance Road Falmouth	Mason	1 000	10 001	11 000	£ 10 000	s -	d -	
27 Elgin Avenue Somerset	Grocer	1 000	11 001	12 000	10 000	-	-	
3 Lothbury Mans ons Poole	Banker	1 000	12 001	13 000	10 000	-	-	
64 Roseberry Avenue Paignton	Builder	500	13 001	13 500	5 000	-	-	
17 Lionel Gardens Brom ex	Gentleman	500	13 501	14 000	5 000	-	-	

FERS (PREFERENCE SHARES)

TRANSFERREES		SHARES TRANSFERRED					No of New Certificate	Remarks	
Address	Occupation	No of Shares	Distinctive Numbers		Amount Paid up				
			From	To					
64 Fleet Street London E C	Journalist	100	1	100	£	s	d		
106 Corncrake Lane Leicester	Designer	500	6 501	7 000	5 000	-	-		
64 Fleet Street London E C	Journalist	1 000	8 001	9 000	10 000	-	-		
55 Longworth Road Thurston	Merchant	500	5 001	5 500	5 000	-	-		
106 Corncrake Lane Leicester	Designer	500	1 501	2 000	5 000	-	-		

REGISTER OF MEMBERS AND

Name *Poole & Co (Vendors)* Occupation
Address

Dr CASH ACCOUNT *Cr*

Date	Particulars	Fo	Amount Called up per Share	Total Amount Called up	Date	Particulars	Fo	Total Amount Paid up
19 Feb 23	To Share Capital		£ 100 000 s d		19	Issued as fully paid		£ 100 000 s d

Name *Lauvel, Francis* Occupation *Mason*
Address *16 Penzance Road, Falmouth*

Name *Tomlin, Bert* Occupation *Grocer*
Address *27 Elgin Avenue Somerset*

Name *Charlton, Leslie* Occupation *Banker*
Address *3 Lothbury Mansions Poole*

Name *Dalton Charles* Occupation *Builder*
Address *64 Roseberry Avenue, Paignton*

Name *Sornes Robert* Occupation *Gentleman*
Address *17 Lionel Gardens Bromley*

SHARE LEDGER (ORDINARY SHARES)

Date entered as a Member

February 23rd 19

Date ceased as a Member

SHARES ACCOUNT

SHARES ACQUIRED					SHARES TRANSFERRED					BALANCE			
Date	Fo	No of Share	Distinctive Numbers		Amount Paid up	Date	Fo	No of Share	Distinctive Numbers		Amount Paid up	No of Share	Am Pa
			From	To					From	To			
19 Feb 23		10 000	10 001	10 000		19					£ s d	10 000	100 0
						Mar 10		1 000	10 001	11 000	10 000	9 000	90 0
						22		1 000	11 001	12 000	10 000	8 000	80 0
						May 24		1 000	12 001	13 000	10 000	7 000	70 0
						June 23		500	13 001	13 500	5 000	6 500	65 0
						Sept 19		500	13 501	14 000	5 000	6 000	60 0

Date entered as a Member

March 10th 19

Date ceased as a Member

19 Mar 10		1 000	10 001	11 000	10 £ 000	s d						1 000	10 0
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Date entered as a Member

March 22nd 19

Date ceased as a Member

19 Mar 22		1 000	11 001	12 000	10 £ 000	s d						1 000	10 0
-----------	--	-------	--------	--------	----------	-----	--	--	--	--	--	-------	------

Date entered as a Member

May 24th 19

Date ceased as a Member

19 May 24		1 000	12 001	13 000								1 000	10 0
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Date entered as a Member

June 23rd 19

Date ceased as a Member

19 June 23		500	13 001	13 500	5 £ 000	s d						500	5 0
------------	--	-----	--------	--------	---------	-----	--	--	--	--	--	-----	-----

Date entered as a Member

September 19th 19

Date ceased as a Member

19 Sept 19		500	13 501	14 000	5 £ 000	s d						500	5 0
------------	--	-----	--------	--------	---------	-----	--	--	--	--	--	-----	-----

REGISTER OF MEMBERS

Name *Smith, Fred* . Occupation *Surveyor*
 Address . *12 Brooke Street, Lyndhurst*

Dr.			CASH ACCOUNT						Cr.					
Date	Particulars.	Fo.	Amount Called up per Share			Total Amount Called up			Date	Particulars.	Fo.	Total Amount Paid up		
19 Feb 23	To Application and Allotment		£	s	d	£	s	d	19 Feb 16	By Cash		£	s	d
			3	-	-	3 000	-	-	" 23	" Cash		1 500	-	-
						£3 000	-	-				1 200	-	-
												£3 000	-	-
Apr 1	To First Call		3	-	-	£3 000	-	-	Apr 1	By Cash		£3 000	-	-
June 1	" Second Call.		2	-	-	£2 000	-	-	June 1	" Cash		£2 000	-	-
Aug 1	" Final Call		2	-	-	£2 000	-	-	Aug 1	" Cash		£2 000	-	-

Name *Fitch, Thomas E* . Occupation *Journalist*
 Address *64 Fleet Street, London, E.C*

19 Feb 23	To Application and Allotment		£	s	d	£	s	d	19 Feb 17	By Cash	£	s	d
			3	-	-	1 500	-	-	" 23	" Cash	900	-	-
						£1 500	-	-			600	-	-
											£1 500	-	-
Apr 1	To First Call		3	-	-	£1 500	-	-	Apr 1	By Cash	£1 500	-	-
June 1	" Second Call		2	-	-	£1 000	-	-	June 1	" Cash	£1 000	-	-
Aug 1	" Final Call		2	-	-	£1 000	-	-	Aug 1	" Cash	£1 000	-	-

Name *Strong Philip* . Occupation *Architect*
 Address *17 Thornville Road, Buxton*

19 Feb 23	To Application and Allotment		£	s	d	£	s	d	19 Feb 18	By Cash	£	s	d
			3	-	-	3 000	-	-	" 23	" Cash	1 500	-	-
						£3 000	-	-			1 500	-	-
											£3 000	-	-
Apr 1	To First Call		3	-	-	£3 000	-	-	Apr 1	By Cash	£3 000	-	-
June 1	" Second Call		2	-	-	£2 000	-	-	June 1	" Cash	£2 000	-	-
Aug 1	" Final Call		2	-	-	£2 000	-	-	Aug 1	" Cash	£2 000	-	-

AND SHARE LEDGER (PREFERENCE SHARES)

Date entered as a Member

February 23rd 19

Date ceased as a Member

SHARES ACCOUNT

SHARES ACQUIRED					SHARES TRANSFERRED					BALANCE			
Date	To	No of Shares	Dispositive Numbers		Amount Paid up	Date	To	No of Shares	Dispositive Numbers		Amount Paid up	No of Shares	Amount Paid up
			From	To					From	To			
19 Feb 23		1 000	1	1 000							£	1 000	£ 3 000
												1 000	6 000
												1 000	8 000
												1 000	10 000
						19 Mar 23	100		1	100	1 000	900	9 000

Date entered as a Member

February 23rd 19

Date ceased as a Member

19 Feb 23		400	1 001	1 400	£ 1 400							£ 1 400
Mar 23		100	1	100	1 000							3 000
May 16		1 000	8 001	9 000	10 000							4 000
												5 000
												6 000
												16 000

Date entered as a Member

February 23rd 19

Date ceased as a Member

19 Feb 23		1 401	2 500								£ 2 500	£ 3 000
												6 000
												8 000
												10 000
						19 Aug 23	500	1 501	2 000	2 000	500	5 000

REGISTER OF MEMBERS AND

Name, ... *Carter, Grace M* ... Occupation ... *Spinster*Address, ... *2 Boulders Lane, Cleethorpes* ...

Dr

CASH ACCOUNT

Cr

Date	Particulars	£	s	d	£	s	d	Date	Particulars	£	s	d
19 Feb 23	To Application and Allotment	3	-	-	1,500	-	-	19 Feb 23	By Cash	1,500	-	-
					1,500	-	-		" Cash	600	-	-
					1,500	-	-			1,500	-	-
Apr 1	To First Call	3	-	-	1,500	-	-	Apr 1	By Cash	1,500	-	-
June 1	" Second Call	2	-	-	1,000	-	-	June 1	" Cash	1,000	-	-
Aug 1	" Final Call	2	-	-	1,000	-	-	Aug 1	Cash	1,000	-	-

Name *Turner, Reginald*

Occupation

*Merchant*Address *56 Longworth Road, Thurston*

Date	Particulars	£	s	d	£	s	d	Date	Particulars	£	s	d
19 Feb 23	To Application and Allotment	3	-	-	3,000	-	-	19 Feb 23	By Cash	1,800	-	-
					3,000	-	-		" Cash	1,200	-	-
					3,000	-	-			3,000	-	-
Apr 1	To First Call	3	-	-	3,000	-	-	Apr 1	By Cash	3,000	-	-
June 1	" Second Call	2	-	-	2,000	-	-	June 1	" Cash	2,000	-	-
Aug 1	" Final Call	2	-	-	2,000	-	-	Aug 1	Cash	2,000	-	-

Name *Brown, Arthur*

Occupation

*Broker*Address *95 St Peter's Road Somerset*

Date	Particulars	£	s	d	£	s	d	Date	Particulars	£	s	d
19 Feb 23	To Application and Allotment	3	-	-	3,000	-	-	19 Feb 23	By Cash	1,500	-	-
					3,000	-	-		" Cash	1,500	-	-
					3,000	-	-			3,000	-	-
Apr 1	To First Call	3	-	-	3,000	-	-	Apr 1	By Cash	3,000	-	-
June 1	" Second Call	2	-	-	2,000	-	-	June 1	" Cash	2,000	-	-
Aug 1	" Final Call	2	-	-	2,000	-	-	Aug 1	" Cash	1,000	-	-
	" Interest				4	2	2	" 10	" Cash (incl Int.)	1,004	2	2
					2,004	2	2			2,004	2	2

[illegible]

REGISTER OF MEMBERS AND

Name . *Trelwyn, Norman* Occupation . . *Mason* . .

Address *110 Lime Street, Liverpool*

Dr. CASH ACCOUNT *Cr*

Date	Particulars.	Fo	Amount Called up per Share	Total Amount Called up	Date	Particulars.	Fo	Total Amount Paid up
19 Feb 23	To Application and Allotment		£ s d	£ s d	19 Feb 23	By Cash . .		£ s d
		3	-	4,500	" 23	" Cash . .		2,250
				£4,500				£4,500
Apr. 1	To First Call .	3	-	£4,500	Apr. 1	By Cash . . .		£4,500
June 1	" Second Call	2	-	£3 000	June 1	" Cash . .		£3 000
Aug 1	" Final Call .	2	-	£3 000	Aug 1	" Cash . .		£3 000

Name *Philpott, Leslie* Occupation . . *Butcher* . .

Address *14 Larneway Avenue, Buxton*

19 Feb 23	To Application and Allotment		£ s d	£ s d	19 Feb 23	By Cash . .		£ s d
		3	-	1,500	" 23	" Cash . . .		900
				£1,500				600
Apr. 1	To First Call .	3	-	£1,500	Apr. 1	By Cash . . .		£1,500
June 1	" Second Call	2	-	£1 000	June 1	" Cash . .		£1 000
Aug 1	" Final Call	2	-	£1,000	Aug 1	" Cash . .		£1 000

Name *French, Harold* Occupation . . . *Designer*

Address *106 Corncrake Lane, Leicester*

19 Feb. 23	To Application and Allotment		£ s d	£ s d	19 Feb. 23	By Cash . .		£ s d
		3	-	1 000	" 23	" Cash . . .		1 800
				£3 000				1,200
Apr. 1	To First Call .	3	-	£3 000	Apr. 1	By Cash . . .		£3 000
June 1	" Second Call .	2	-	£2 000	June 1	" Cash . .		£2 000
Aug 1	" Final Call	2	-	£2 000	Aug 1	" Cash . .		£2 000

REGISTER OF MEMBERS AND

Name *Smith, Alfred* . Occupation *Banker*
 Address *2 Grange Mansions, Putworth*

Dr

CASH ACCOUNT

Cr

Date	Particulars	£	s	d	Amount Called up per Share	Total Amount Called up	Date	Particulars	£	s	d	Total Amount Paid up
19 Feb 23	To Application and Allotment	3	-	-	6 000	6 000	19 Feb 23	By Cash . .	3 750	-	-	3 750
								" Cash . .	2 250	-	-	2 250
						£6 000						£6 000
Apr 1	To First Call .	3	-	-	6 000	6 000	Apr 1	By Cash . .	6 000	-	-	6 000
June 1	" Second Call	2	-	-	4 000	4 000	June 1	" Cash . .	4 000	-	-	4 000
Aug 1	Final Call	2	-	-	4 000	4 000	Aug 1	Cash	4 000	-	-	4 000

NAMES ETC OF THE DIRECTORS OF
 on the fourteenth

The present Christian Name or Names and Surname	Any former Christian Name or Names or Surname
Smith, Alfred, <i>Managing Director</i> .	
Trelwyn, Norman	
Strong Philip	
Soames, Robert, <i>Chairman of Directors</i> .	
Smith, Fred	

SHARE LEDGER (PREFERENCE SHARES)

Date entered as a Member *February 23rd 19*

Date ceased as a Member

SHARES ACCOUNT

SHARES ACQUIRED					SHARES TRANSFERRED					BALANCE			
Date	Fo	No of Shares	Distinctive Numbers		Amount Paid up	Date	Fo	No of Shares	Distinctive Numbers		Amount Paid up	No of Shares	Amount Paid up
			From	To					From	To			
19 Feb '03		1000	8001	10000							£ 10 000	1000	£ 10 000
						19 May 16	1000	8001	9000	10 000	-	1000	10 000

THE BRITISH TIMBER SYNDICATE LIMITED

day of March 19

Nationality	Nationality of Origin (if other than the present Nationality)	Usual Residence	Other business occupations, if any (including Directorships in other Companies) (If none state so)
British		2 Grange Mansions Pudworth	Banker
British		110 Lime Street Liverpool	Mason
British		17 Thornville Road Buxton	Architect
British		17 Lionel Gardens Bromley	Gentleman
British		12 Brooke Street Lyndhurst	Surveyor

ANNUAL RETURN

OF THE

BRITISH TIMBER SYNDICATE LTD

made up to the 24th day of March, 19..

A Company's Registration Fee Stamp of 5s. must be impressed here

(Being the Fourteenth Day after the date of
the First Ordinary General Meeting in 19.)

The Address of the Registered Office of the Company is as follows—

Nominal Capital £200 000 divided into	
10,000 ORDINARY Shares of £10 each	
10,000 PREFERENCE Shares of £10 each	
Total Number of Shares taken up to the 24th day of March, 19..	10 000 ORD 10 000 PREF
(Which number must agree with the TOTAL shown in the List as held by existing Members)	
Number of Shares issued subject to payment wholly in Cash	10 000
Number of Shares issued as fully paid up otherwise than in Cash	10 000
Number of Shares issued as partly paid up to the extent of per Share otherwise than in Cash	nil
There has been called up on each of 10 000 PREFERENCE Shares	£10
Total Amount of Calls received including Payments on Application and Allotment	£100,000
Total Amount (if any) agreed to be considered as paid on 10,000 ORDINARY Shares which have been issued as fully paid up otherwise than in Cash	£100 000

NOTE — The above Form is complete for the purpose of this Exercise. The actual Form is as illustrated on page 584 of *Advanced Accounts*

(For NAMES, ETC., OF DIRECTORS see previous pages)

BALANCE SHEET AS AT 31st DECEMBER 19 .

CAPITAL AND LIABILITIES			£	s	d	£	s	d
<i>Nominal and Issued Capital—</i>								
10 000 Ordinary Shares of £10 each (fully paid)			100 000		—			
10 000 6% Cumulative Preference Shares of £10 each (fully paid)			100 000	—	—	200 000	—	—
Sundry Creditors						6 000	—	—
<i>Profit and Loss Account—</i>								
Balance at credit . . .						8 000	—	—
						<u>£214 000</u>		—
PROPERTY AND ASSETS						£	s	d
Freehold Land and Buildings (at cost less Depreciation)						80 000	—	—
Fixed Plant and Machinery (at cost less Depreciation)						60 000	—	—
Movable Plant and Loose Tools (at valuation made by Company's Manager)						10 000	—	—
Goodwill						15 000	—	—
Stock of Timber						12 000	—	—
Sundry Debtors						18 000	—	—
Cash in hand and at Bank						19 000	—	—
						<u>£214 000</u>		—

(Signed)

Auditors to the Company.

(For List of Persons etc see following pages)

LIST of Persons holding Shares in THE BRITISH TIMBER SYNDICATE, LIMITED time since the date of the last Return, or (in the case of the First Return) of the of the Shares so held

Folio in Register Ledger containing Particulars	NAMES, ADDRESSES, AND OCCUPATIONS			
	SURNAME	CHRISTIAN NAME(S)	ADDRESS	OCCUPATION
O.S.L.	Poole & Co			
	Laurel	Francis	16 Penzance Road Falmouth	Mason
	Tomlin	Bert	27 Elgan Avenue, Somerset	Grocer
	Charlton	Leslie	3 Lothbury Mansions Poole	Banker
	Dalton	Charles	64 Roseberry Avenue, Paignton	Builder
	Soames	Robert	17 Laconel Gardens, Bromley	Gentleman
	Smith	Fred	12 Brooke Street Lyndhurst	Surveyor
	Finch	Thomas E	64 Fleet Street, London, E.C.	Journalist
	Strong	Philip	17 Thornville Road, Buxton	Architect
	Carter	Grace M.	2 Boulders Lane Cleathorpes	Spinster
	Turner	Reginald	56 Longworth Road Thurston	Merchant
	Brown	Arthur	9 St Peter's Road, Somerset	Broker
	Trelwye	Norman	110 Lane Street Liverpool	Nason
	Philpott	Leslie	14 Larneway Avenue Buxton	Butcher
	French	Harold	105 Corncrake Lane Leicester	Designer
P.S.L.	Smith	Alfred	2 Grange Mansions, Pudworth	Banker

on the 24th day of March 19 and of Persons who have held Shares therein at any incorporation of the Company showing their Names and Addresses and an Account

ACCOUNT OF SHARES												REMARKS	
Number of Shares held by existing Members at Date of Return		Particulars of Shares transferred since the date of the last Return or (in the case of the first Return) of the incorporation of the Company by Persons who are still Members					Particulars of Shares transferred since the date of the last Return or (in the case of the first Return) of the incorporation of the Company by Persons who have ceased to be Members						
		NUMBER		DATE OF REGISTRATION OF TRANSFER			NUMBER		DATE OF REGISTRATION OF TRANSFER				
		Ord	Pref	Day	Mth	Year	Ord	Pref	Day	Mth	Year		
6 000		1 000		10	Mar	19							Laurel T
		1 000		22		19							Tomlin B
		1 000		24	May	19							Charlton L
		500		23	June	19							Dalton C
		500		19	Sept	19							Soames R
1 000													
1 000													
1 000													
500													
500													
	900		100	25	Mar	19							Finch T E
1 800													
	500		500	20	Aug	19							French H
	500												
1 500													
1 000													
1 000			500	16	July	19							Turner R
			500	20	April	19							French H
2 000													
1 000			1 000	16	May	19							Finch T E
10 000	10 000												

(Signature)

Fred Smith

Secretary

See *Advanced Accounts*, page 1065.

CONSERVATIVE BANK, LTD.

BALANCE SHEET ON 31ST DECEMBER 19..

EXERCISE XXIV—No. 3

See *Advanced Accounts*
LEDGER

EXERCISE XXIV- No 4

The Com. Notes and C

received from John Smith. The paying-in slip would then be passed to a ledger clerk, who would post to the credit of John Smith's Current Account. A second clerk would enter up the customer's Pass Book (*credit side*) from the Paying-in Slip. Particulars of coin cheques and notes are entered into a 'Received Waste Book' under appropriate headings, the object being to facilitate the clearing of cheques which is effected later.

EXERCISE XXIV--Nos 5 and 6

See *Adjusted A ccounts* page 107 under NOTES ON THE BALANCE SHEET)

EXERCISE XXIV No 7

CURRENT ACCOUNT LLDGLR

Robert Collins
17 Lupus Avenue Leighton

Date	Details	Tot	Amount		Nature of Bal	Balance	INTEREST				
			Dr	Cr			Days	Pro ducts	Rate	Amount	
19 Dec 31	By Balance		£	1 144	£	1 144	s	d	£	s	d
19 Jan 3	To Cheque		115		Cr	1 029	29	6	5 720		
3 Feb 3	To Cheque		20			1 009	11		29 841		
14 Feb 3	By Cash			240		1 249	17	6	11 099		
3 Mar 3	To Cheque		75			1 174	31		21 234		
3 Apr 3	By Cash			64		1 238	2	6	36 394		
5 Apr 3	To Cheque		24			1 214	11	6	2 476		
16 Apr 3	To Cheque		41			1 173	15	6	13 354		
1 May 1	By Cash			76		1 249	11	6	17 595		
12 May 17	To Cheque		20			1 228	8		13 739		
17 May 23	To Cheque		54			1 174	2	6	6 145		
23 May 30	By Cash			190		1 364	10		7 044		
2 June 15	To Cheque		74			1 290	13	4	13 640		
15 June 30	To Cheque		40			1 250	13	4	10 770		
30 June 30	Interest amounts of			11		1 261	17	11	18 780		
30 June 30	To Balance c/d		1 260			£ 1 261			£ 213 800	2%	£ 11 14 7
	* ½% on Turnover		1 726			£ 1 726					

EXERCISE XXIV--No 8.

CURRENT ACCOUNT TIDGER

*Frederick Stevens,
27 Montgomerie Mansions Leambridge*

Date	Details	Col	Amount		Nature of Bal	Balance	INTEREST			
			Dr	Cr			Days	Pro-ducts	Rate	Amount.
19..										
Dec 31	To Balance .	.	£ 554 5 6		Dr	£ 554 5 6	17	£ 9418	4%	£
19..										
Jan 17	To Cheque .	.	20 -		"	574 5 6	9	5,166		1 11 11
Jan 26	By Cash .	.		137 1 2	"	437 4 4	17	7,429	4½%	
Feb 12	To Cheque .	.	74 5 6		"	511 9 10	7	3,577		
" 19	By Cash .	.		130 5 6	"	381 4 4	12	4,572		
Mar 3	To Cheque .	.	100 -		"	481 4 4	26	12,506		
" 29	By Cash .	.		116 4 2	"	365 - 2	4	1,460	5%	3 0 2
Apr 2	To Cheque .	.	40 -		"	405 - 2	21	8,505		
23	" Cheque .	.	35 - 6		"	440 - 8	3	1,320		
26	To Cheque .	.	54 12 2		"	494 12 10	5	2,475		
May 1	By Cash .	.		98 5 2	"	396 7 8	51	20,196		
June 21	To Cheque .	.	26 4 2		"	422 11 10	6	2,538	5½%	4 13 -
" 27	Cheque .	.	160 4 8		"	582 16 6	3	1,749		12 11
" 30	Interest (inc 4% on Turnover)	.	* 11 12 6		"					
" 30	By Balance c/d .	.		594 9 -	"	594 9		* Interest on Turnover = £15/6		£10 7 -
			£1 076 5 -	£1 076 5 -						

CURRENT ACCOUNT LEDGER

R. Crane

Date	Details	Fol	Amount		Nature of Bal	Balance	INTEREST				
			Dr	Cr			Days	Pro ducts	R ate	Amount	
19 Jan 1	By Cash		£	s d	£	s d	£	19	19 000	2%	£ s d
20 Jan 20	Cash				1 600	-	1 000	31	46 500		
20 Feb	To Cheque		1 200		500	-	1 500	28	4 400		
20 Mar	By Cash				600	-	300	11	27 900		
20 Apr 20	To Cheque		1 000		700	-	100	30	3 000	5%	5 11 7 Cr
20 May	By Cash						600	31	18 600	2%	4 3 Dr
20 June 30	To Cheque		500		613	-	100	10	1 000		1 1 5 Cr
30 Interest				8 3							
30 Balance c/d			106 4 9								
			£2 806 13		£2 806 13	-	£106 4 9	Cr			

EXERCISE XXIV--No 10

Dr J GAUKROGER IN ACCOUNT CURRENT WITH BLANKSHIRE BANKING CO Cr

Date	Particulars	Vol	Amount	Days	Pro- ducts	Date	Particulars	Vol	Amount	Days	Pro- ducts
19.. 1	To Balance		2,710	4	10,840	19.. 1	By Cash		£ 27	10	2,710
Jan 15	" Cash		280	12	3,360	Jan 30	" Cash		824	6	4,934
Feb 1	" Cash		420	3	1,260	Feb 29	" Cash		4,172	17	70,524
" 15	" Cash		36	14	504	Mar 31	" Cash		718	5	3,590
Mar 15	" Cash		910	2	1,820	" 31	" Cash		1,500	-	1,500
Apr 15	" Cash		2,020	3	6,060	May 31	" Cash		180	-	180
May 15	" Cash		315	-	315	June 30	" Cash		51	7	357
June 15	" Cash		280	-	280	" 30	" Interest		749	760	570,480
" 30	" Interest		119	17	2,023						
" 30	" Balance c/d		391	9	3,519						
			£ 7,474	5	37,370				£ 7,474	5	37,370

J B

CURRENT ACCOUNT LEDGER

Date	Details	To	Amount		Nature of Bal	Balance	INTEREST				
			Dr	Cr			Days	Products Dr Cr	Rate	Amount	
19 Apr	By Balance		£	s d	Cr	£	s d		£	s d	
17 Apr	Cash			250		250		17	4 2s0		
11 May	To Cheque		400	850		1 100		24	6 400		
20 May	By Cash					700		9	6 300		
4 June	To Cheque		1 070	170		870		15	13 0s0		
13 June	By Cash			200	Dr	200		9	1 800		
19 June	To Cheque		500			500		6	7 000		
3 July	By Cash			650	Cr	150		14	4 050		
30 July	To Cheque		400		Dr	2s0		27	9 000		
31 Aug	By Interest			12 11				32			
	Balance c/d			249 7 1					16 800	5%	2 6 Dr
										2%	2 18 11 Cr
			£2 370	£2 370	Dr	249 7 1					12 11 Cr

EXERCISE XXIV—No. 12.

The positions of the following items in the Balance Sheet are as stated below—

(1) *Current Accounts* are the running accounts of business men with the bank, and appear on the *LIABILITIES* side of the Balance Sheet

(2) *Investments* are sums invested in Government, municipal or other gilt-edged securities and appear on the *ASSETS* side of the Balance Sheet

(3) *Rebate on Bills not due* is the unexpired portion of Discount on Bills discounted and appears on the *LIABILITIES* side of the Balance Sheet

(4) *Short Loans* are sums advanced to bill brokers secured by the deposit of bills, etc., and appear on the *ASSETS* side of the Balance Sheet
See also *Advanced Accounts* page 1075

EXERCISE XXIV—No. 13

See answer to Exercise XXIV—No. 4 (page 904).

EXERCISE XXIV—No. 14

TRIAL BALANCE

	Dr			Cr		
	£	s	d	£	s	d.
Current and Deposit Accounts				7,731 450		-
Acceptances on behalf of Customers	1 200 000			1,200 000		-
Capital Subscribed 50 000 Shares				1,250 000		-
Reserve Fund				600 000		-
Profit and Loss Account				15,300		-
Interest accrued and paid	25 500					
Current Expenses Salaries, etc.	71 250					
Amount added to Staff Retirement Fund	3 000					
Premises Account amount written off	22 500					
Gross Profit for year				244 500		-
Cash in hand and at Bank of England	1 584 750					
Money at Call and Short Notice	274 250					
Consols (Reserve Fund)	600 000					
Consols and Securities	825 000					
Colonial and Railway Stocks	637 500					
English Corporation Stocks	235 500					
Bills, discounted	379,500					
Loans and Advances	4,665 000					
Bank Premises Furniture, etc.	337,500					
Freehold and Leasehold Properties	180 000					
	£11 041,250			£11 041 250		

EXERCISE XX V—No 14 (contd)

THE CAMBRIDGE BANKING CO LTD

Dr PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19 . Cr

	£	s	d	£	s	d
To Interest Paid to Customers	25	500				
Salaries Rent etc	71	250				
Amount carried to Staff Retirement Fund	3	000				
Amount written off Premises Account	22	500				
Profit	122	250				
	£244	500				
				By Gross Profit		
				244	500	
				£244	500	

EXERCISE XXIV—No 14 contd

THE CAMFRWELL BANKING CO. LTD

BALANCE SHEET AS AT 31ST DECEMBER 19 .

LIABILITIES		ASSETS	
<i>Capital Subscribed—</i>			
Paid up Capital	£ 2,000,000	Cash in hand and at Bank of England	£ 1,584,750
Reserve Fund (invested in Consols)		Money at Call and Short Notice	£ 274,250
Current and Deposit A/cs		<i>Investments—</i>	
Acceptances on account of Customers as <i>per contra</i>		Consols (Reserve Fund)	£ 825,000
<i>Profit and Loss Account—</i>		Consols and Other Sec	£ 637,500
Balance 1st Jan, 19	£ 15,300	Colonial & Rly Stocks	£ 235,500
Add Profit for year	£ 122,250	English Corp'n Stocks	
		Bills Discounted	£ 379,500
		Loans and Advances	£ 4,665,000
		Liabilities of Customers for acceptances as <i>per contra</i>	
		Bank Premises, Furniture etc	£ 1,200,000
		Freehold and Leasehold Properties	£ 337,500
			£ 180,000
			£ 10,919,000

EXERCISE XXIV—No 15

(1) Cash (2) Branches (3) Current Accounts—Towns The purpose served by raising the accounts mentioned is to have in summarized form a daily survey of the bank's business. The sources of information are the relative subsidiary Book and Ledgers. See also *Adrianel Accounts*, page 1067 (onwards)

EXERCISE XXIV—No. 16

See *Advanced Accounts*, page 1075 (under NOTES ON THE BALANCE SHEET)

EXERCISE XXIV—No 17

THE WEYSIDE CO LTD

JOURNAL

		£	s	d	£	s	d
19 Jan	Application A/c (Ordinary Shares) To Ordinary Share Capital 2/6 per share on 52 000 shares	6 500	-	-	6 500	-	-
"	Application A/c (Preference Shares) To Preference Share Capital 2/6 per share on 100 000 shares	12 500	-	-	12 500	-	-
"	Allotment A/c (Ordinary Shares) To Ordinary Share Capital 2/6 per share on 52 000 shares	6 500	-	-	6 500	-	-
Jan	Richard Blank (Vendor) To Ordinary Share Capital For issue of balance of ordinary shares to vendor in part pay- ment of purchase price of busi- ness	48 000	-	-	48 000	-	-
"	Allotment A/c (Preference Shares) To Preference Share Capital 2/6 per share on 100 000 shares	12 500	-	-	12 500	-	-
Jan 15	First Call A/c (Ordinary Shares) To Ordinary Share Capital 5/- per share on 52 000 shares	13 000	-	-	13 000	-	-
" 15	First Call A/c (Preference Shares) To Preference Share Capital 5/- per share on 100 000 shares	25 000	-	-	25 000	-	-
Feb 15	Second Call A/c (Ordinary Shares) To Ordinary Share Capital 5/- per share on 52 000 shares	13 000	-	-	13 000	-	-
" 15	Second Call A/c (Preference Shares) To Preference Share Capital 5/- per share on 100 000 shares	25 000	-	-	25 000	-	-
Mar	Ordinary Share Capital To Forfeited Shares A/c Allotment A/c First Call A/c Second Call A/c Being 500 shares of £1 each 15/ called forfeited by J Smith as per Resolution No	375	-	-	62 62 125 125	10 10 - -	- - - -
		£167 375	-	-	£162 375	-	-

THIF WEYSIDE CO LTD

BALANCE SHEET AS AT 28TH FEBRUARY 19.

CAPITAL AND LIABILITIES	£	s	d	£	s	d	£	s	d	£	s	d
<i>Nominal Capital—</i>												
100 000 6% Preference Shares of £1 each	100 000	—	—									
100 000 Ordinary Shares of £1 each	100 000	—	—									
	<u>£200,000</u>	—	—									
<i>Issued Capital—</i>												
100 000 6% Preference Shares of £1 each 15/- paid				75,000	—	—						
100 000 Ordinary Shares of £1 each—												
49 000 fully paid	48 000	—	—									
52 000 15/- per share } called up }	39 000	—	—									
	<u>100 000</u>	—	—									
Less 500 Shares forfeited	87 000	—	—									
	375	—	—									
Forfeited Shares Account				86,625	—	—						
				62	10	—						
				<u>£161 687</u>	10	—						
										£161,687	10	—

EXERCISE XXV No 1

STATEMENT SHOWING ESTATE DUTY AND
INTEREST PAYABLE

	Duty and Interest Payable on Original Affidavit			Addition on Corrective Affidavit			Aggregation		
	£	s	d	£	s	d	£	s	d
Realty	2 000			700			2 700		
Personalty	17 000			3 000			20 000		
	19 000								
Less Debts	£								
Funeral Expenses	150								
	60								
	210								
Duty at 8 per cent paid on	£18 790			£3 700			£22 700		
£18 790 at 8 per cent	1 503	4							
Add Interest on duty on net personalty of £18 790 = £1,343 4s at 3 per cent per annum from 1st October 1936 to 1st November 1936 (31 days)	3	8	5						
	1 506	12	5						
Duty on £3 700 at 9 per cent				333					
Additional Duty on £18 790 at 1 per cent				187	16				
				5	0	18			
Add Interest on duty of 1 per cent net personalty on original affidavit (£18 790) = £187 18s at 3 per cent per annum from 1st October 1936 to 1st January 1937 (92 days)				1	8	5			
Add Interest on duty of 9 per cent additional net personalty on corrective affidavit (£3 000) = £270 at 3 per cent per annum from 1st October 1936 to 1st January 1937 (92 days)				2		10			
	£1 506	12	5	£524	9	3	£2 031	1	8

EXERCISE XXV—No 2

Dr

CASH BOOK

Cr

	Voucher No	Income	Capital	Bank		Voucher No	Income	Capital	Bank
1937		£ s d	£ s d	£ s d	1937		£ s d	£ s d	£ s d
Jan 1	To Balance		410	410	Jan 31	By Estate Duty and interest there on			
5	Quarters Interest on Consols less tax at 4s 9d				Feb 7	Legal Charges in connexion with obtaining Probate	15	300	300 15
7	Capital 887 days Income 4 days	1 4 10	27 7 1	28 11 11		Debits due at death		60	60
10	Cash in House		12	12		Funeral Expenses		125	125
15	Quarters Rent due Christmas at £100 per annum		25	25	Mar 3	£4,901 19s 2d 3d per cent War Loan at 102		50	50
	Final Dividend of 6 per cent less tax on 1000 Shares in X, Ltd				5	Balances, c/d	42 2 6	5,000 645 4 10	5,000 687 7 4
Feb 20	for year to 31st December 1936		45 15	45 15					
	Dividend on Investment in A B Ltd, to 31st Jan								
	nary, 1937, net			120					
28	Capital, 345 days Income, 30 days	9 17 5	110 2 9						
	On account of A's share in partnership								
	Interest thereon at 5 per cent per annum, less tax	31 15 5	5 000	5,000					
Mar 5	Sundry small investments		550	31 15 5					
				550					
5	To Balance, b/d	£42 17 6	£6 180 4 10	£6 223 2 4			£42 17 6	£6 180 4 10	£6 223 2 4
		42 2 6	645 4 10	687 7 4					

EXERCISE XXV—No 3

FREEHOLD HOUSE

Cr

Dr

1939 Mar —	To Estate Account	Value as sworn for Probate	£	s	d	£	s	d
			5	000	—			

MORTGAGE ON HOUSE

Cr

Dr

1937 Mar 31	To Tax on £37 10s at 4s 9d Bank	£	s	d	1936 Mar —	By Estate Account	£	s	d	£	s	d
June 30	Tax on £37 10s at 2s Bank	8	16	11	1937 Mar 31	One quarter's interest accrued	37	10	—	3	000	—
Sept 30	Tax on £37 10s at 5s Bank	9	7	6	June 30	One quarter's interest accrued	37	10	—			
Dec 31	Tax on £37 10s at 2s Bank	9	7	6	Sept 30	One quarter's interest accrued	37	10	—			
		28	2	6	Dec 31	One quarter's interest accrued	37	10	—			
		9	7	6			£150	—	—			
		9	7	6								
		£150										

EXERCISE XXV—No. 3 (cont'd).

INCOME TAX ACCOUNT

INCOME TAX ACCOUNT										Cr.		
Dr.												
1937		To Bank	Schedule A, tax on £140 at 4s 9d.	£	s	d	1937			£	s	d.
Jan 1				33	5	-	Mar 31	By Mortgage Account		8	18	1
							June 30	" Mortgage Account		9	7	6
							Sept 30	" Mortgage Account		9	7	6
							Dec 31	" Mortgage Account		9	7	6

RENT ACCOUNT

RENT ACCOUNT		Cr.	
Dr.			
	1937		
	Mar 31	By Bank	£ 40
	June 30	" Bank	40
	Sept 30	" Bank	40
	Dec. 31	" Bank	40

BANK

Dr		BANK		Cr.	
		1937			
		l	s d		l s d
To Quarter's Rent of House	.	40	—	By Schedule A, tax	53 8 11
Quarter's Rent of House	.	40	—	" Mortgage Interest, net	28 11 11
" Quarter's Rent of House	.	40	—	" Mortgage Interest, net	28 2 6
" Quarter's Rent of House	.	40	—	" Mortgage Interest, net	28 2 6
					28 2 6

EXERCISE XXV—No 4

Interim dividend of 2% on £2 000 Stock
 Less tax at 4s 9d on the £

Final dividend of 4% on £2 000 Stock
 Less tax at 4s 9d on the £

This should be apportioned as follows—

Capital 3 months
 Income 9 months

Of the above sum attributed to capital of
 there has already been so attributed

leaving to be allocated to capital from the final dividend

Of the final dividend of £61 there should be allocated—
 to Capital
 to Income

£	s	d	£	s	d
40	9	10	30	10	
80	19				
			60		
			£91	10	
			2	17	6
			6s	12	6
			£91	10	
			22	17	6
			2	6	8
			£2	10	11
			2	10	10
			5s	9	2
			£61		

EXERCISE XXV—No 5.

Dr

CASH BOOK

Cr

	Voucher No	In come	Capital	Bank		Voucher No	In come	Capital	Bank
1935									
Feb 6		To Quarter's Rent of house due at Christmas 1935			1936				
" 8		Dividend of 5% on 1,000 £1 Ordinary Shares in A B Ltd for year to 31st Dec ember 1935	£ 40 - -	40 - -	Mar 18		£ 3 14 -	740 -	743 14 -
" 22		Interest on Loan of £500 at 4% for half year to 1st March 1936	38 12 -	38 15 -	" 26		6 7 11	29 12 1	96 - -
Mar 18		Capital 153 days Income 49 days	6 10 4	7 15 -	Apr 6		2 - -	750 -	752 - -
" 26		Bank Loan Rent due 25th inst, £40 gross	750 - -	750 - -			21 3 8	381 4 10	402 8 6
Apr 5		Capital 37 days Income 34 days	16 5 2	40 - -					
" 8		Quarter's interest on £2,000 3% Local Loans less tax Capital 28 days Income 65 days	3 8 5	11 12 6					
		£1,000 9½% War Loan	1,046 - -	1,046 - -					
Apr 6		To Balance b/d	£ 33 5 7	1,900 16 11			£ 33 5 7	1,900 16 11	1,934 2 6
			£ 21 3 8	381 4 10					

ESTATE ACCOUNT—*re* A DECEASED

5

[illegible]

† per cent Duty on £3 472 18s 6d. = £21s 18s 4d.

EXERCISE XXV—No. 7.

				Legacy	Net Legacy	Legacy Duty Payable Out of Estate	Total
				£ s d	£ s d	£ s d	£ s d
To Widow	.	.		10 000	10 000	100	10 100
To Son	.	.		5 000	5 000	50	5 050
To Sister	.		500				
Less Legacy Duty	.		25	500	475		500
To Gardener	.	.	100				
Less Legacy Duty	.	.	10	100	90		100
To Executor	.			100	100	10	110
Residue to charities	.	.	5 140	15 700	15 680	160	15 840
Less Legacy Duty	.	.	514	5,140	4 626		5,140
				20 840	20 291	160	21 000
Legacy duty payable recoverable by deduction						549	
Total Legacy Duty payable						709	
				£ 20 291	20 291	849	21 000

EXERCISE XXV—No. 8

STATEMENT SHOWING EVENTUAL DIVISION OF THE ESTATE

		£	s	d
Balance of Estate				30 000
Less Charge on Residuary Estate for Widow	.	1 000		
Personal Chattels for Widow	.	1 500		
				2 500
				27 500
One-half to be held upon trust for Widow for Life	.			13,750
Remaining half upon Trust for Issue	.			13 750
And Advance to Deceased Son brought into Hotchpot	.			7 500
Advance to Surviving Son brought into Hotchpot	.			4 500
				£25 750

EXERCISE XXV—No 8 (contd)

	Share in Above £25 750		Share in Capital in which Widow has a Life Interest		Total		Advances Brought Into Hotchpot		Balances	
	£	s d	£	s d	£	s d	£	s d	£	s d
Share of Surviving Son	6 437	10 -	3 437	10 -	9 875	-	4 500	-	5 375	-
Shares of Surviving Daughters—										
A	6 437	10 -	3 437	10 -	9 875	-			9 875	-
B	6 437	10 -	3 437	10 -	9 875	-			9 875	-
Shares of Surviving Grandchildren—										
C	2 145	16 8	1 145	16 8	3 291	13 4	2 500		791	13 4
D	2 145	16 8	1 145	16 8	3 291	13 4	2 500		791	13 4
E	2 145	16 8	1 145	16 8	3 291	13 4	2 500		791	13 4
									£27 500	-

EXERCISE XXV—No. 9.

Dr

2000 Shares of £1 each in Deeds Ltd

Dividends Payable on

Cr

	Nominal		Dividends		Principal	
	£	s d	£	s d	£	s d
1934 Nov 30 1945 Nov 30	To Estate Account— 2000 shares at 23s " Transfer to Income Ac count				By Cash— Final dividend of £ 10 per cent 200 Less Tax at 4s 6d 45	
	£ 2 000	-	£ 69	7 6	£ 1 000	-
						135 12 6
						1 250 -
						50 -
						652 10 -
						251 17 6
						£2 300 -
Dec 31	To Balance, brought down					

Note—The £500 shares unsold might be brought in at $\frac{1}{4}$ of (£2,300 - £135 12s 6d) and the capital profit resulting carried to Estate Account. If this is done annually, however, the Estate Account is credited with "paper" profits or losses, and it is considered the best course to take into account capital profits or losses only when the whole holding of an investment has been realized.

EXERCISE XXV—No 10

VISITORS LFDGFR 17TH JANUARY 19

	Room 1			Room 2			Room 3			Total		
	<i>£</i>	<i>s</i>	<i>d</i>	<i>£</i>	<i>s</i>	<i>d</i>	<i>£</i>	<i>s</i>	<i>d</i>	<i>£</i>	<i>s</i>	<i>d</i>
<i>Dr</i>												
Brought forward	1	11	6				1	10	6	3	2	
Apartments		8	6		5						13	6
Breakfast		2	6		2	6		2	6		7	6
Lunch		4	6								4	6
Tea					1	6					1	6
Dinner or Supper		5	-		2						7	-
Wines Spirits Cigars etc		10	3		1	9					12	1
Baths					1	1					1	5
Sundries		3	10		1				6		5	4
	£3	6	1		14	9	£1	13	6	£5	14	4
<i>Cr</i>												
Cash								1	13	6	1	13
Allowances												
Transfers												
Carried forward		3	6		14	9					4	-
	£3	6	1		14	9	£1	13	6	£5	14	4

EXERCISE XXV—No 11

<i>Dr</i>	SUSPENSE ACCOUNT				<i>Cr</i>		
	<i>£</i>	<i>s</i>	<i>d</i>		<i>£</i>	<i>s</i>	<i>d</i>
To Difference in Trial Balance	38	11	6	By Bank	3	11	
J Jones	9			Salaries Account	10		
R Foley	1	4	6	S Minett	35		
	£48	16			£48	16	

EXERCISE XXV—No 12.

Dr

CONSIGNMENT ACCOUNT

Cr

	19 Apr	15	To Goods Insurance Freight etc Landing Charges— 315 Rupees at 1s 4d " Storage and Insurance— 80 Cases for one month = 80 Rupees at 1s 4d " Commission— 21% on 34 000 Rupees = 850 Rupees at 1s 4d Reserve— Storage and Insurance— 18 Cases for two months = 36 Rupees at 1s 4d Net Profit to Profit and Loss Account	19 May	31	By Insurance Claim— Goods lost in transit Sales— 34,000 Rupees at 1s 4d " Stock	19 June	18	Cases 2 80 18	£	s	d
										2 128	5	—
										33	10	—
										69	15	—
										21	—	—
										5	6	8
										56	13	4
										2	8	—
										487	15	3
										£2,721	13	3
	19 Aug	1	To Stock Storage and Insurance— 18 Cases for three months = 54 Rupees at 1s 4d " Commission— 21% on 7,200 Rupees = 180 Rupees at 1s 4d Net Profit to Profit and Loss Account	19 Aug	1	By Reserve " Sales— 7,200 Rupees at 1s 4d				410	19	11
										3	12	—
										12	—	—
										15	15	1
										£482	8	—
										£2,721	13	3
										2	8	—
										480	—	—
										£482	8	—

* Net charge 18 at 1s 4d = £1 4s, i.e., £3 12s = £2 8s

EXERCISE XXV- No 12 (cont'd)

Dr		Jones & Ware		Cr	
19	19	Rupees	Rs	Rs	Rs
June 16	May 31	34,000	2,460 13 4	316	21
July 15	June 16		15 12 6	50	5
	July 18			830	13 4
	July 31			30,000	2,015 12 6
				2,755	183 13 4
		34,000	£ 28	c/d	£ 282
					5 10
Aug 15	Aug 15	2 5	185 13 4	54	3 12
		7 202	480	180	12
		9 9s	£ 85 19 4	9 72	6 1/2
				9 9s	£ 63 19 4

INSURANCE COMPANY

19 May 31	To Claim for Goods lost in transit	64	14
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EXERCISE XXV—No. 13
See *Advanced Accounts* Chap. XVIII

EXERCISE XXV—No 14.

A-D SALES LEDGER ADJUSTMENT ACCOUNT

[illegible]

EXERCISE XXV—No 14 (contd)

		£	s	d	£	s	d
19 Mar 31	To Balance brought down				6	30	1
	Debit Balances 28th February 1937	2	6	6			
	Less Credit Balances 28th February 1937	4	17	6	0	6	12
	Difference				£10		

The difference might arise from—

- (a) The extraction of a balance being made at £10 below the actual amount
- (b) An addition on the debit side of a Personal Account having been made £10 too little the Account being balanced and the balance carried down £10 below the true amount

These are the most likely errors. The difference may also arise from—

- (c) The omission to post an item of £10 from the Sales Day Book or the posting of an item of £5 therein to the credit of the Personal Account or a blind entry on the credit side of a Personal Account of £10 such as for a bad debt not debited to Bad Debts Account
- (d) A composition of two or more errors

EXERCISE XXV—No 15

- (a) Write off an appropriate amount for the year and treat the remainder as an asset
- (b) Treat as a reserve in the Balance Sheet on the liabilities side
- (c) If thought fit note on the Balance Sheet as a contingent liability but the amount should not be incorporated as an actual liability in the effective figures for agreeing the Balance Sheet
- (d) Deduct the reserves from debtors and creditors respectively in the Balance Sheet debiting and crediting the Profit and Loss Account along with the actual discounts subject of course to taking into account any reserves existing at the beginning of the year
- (e) A profit on sale of old business premises may be treated as a reserve in the Balance Sheet or taken as a profit in the Profit and Loss Account as it is possible the premises have been over depreciated in the past and crediting Profit and Loss Account would be correcting such excessive depreciation. The former method however is probably to be preferred
- (f) The same method of placing to reserve as in (e) might be adopted
- (g) Place the profit to reserve and include in the Balance Sheet on the liabilities side

**TRADING AND PROFIT AND LOSS ACCOUNTS OF BROWN, JONES, AND SMITH
FOR THE YEAR ENDED 31ST MARCH 1937**

Cr.

	Brighton	London	Total		Brighton	London	Total
To Stock 1st April 1936							
" Purchases	16 785	7 390	24 175		19,328	92,084	111,412
" Gross Profit carried to Section II	4 903	23 345	28 248	By Sales Stock 31 March 1937	2 162	9 041	11 203
	£21 690	£101 105	£122 795		£21 690	£101 105	£122 795
To General Salaries and Wages	1 840	6 195	8 035		4 903	18 440	23 343
" Manager's Salary	400	400	800	By Gross Profit brought from Section I	38	204	242
" Rent	400	2 200	2 600	Discounts			
" Trade and Office Expense	917	3 684	4 601				
" Insurance	42	160	202				
" Traveling Expenses	26	145	171				
" Bad Debts	92	391	483				
" Depreciation of Motor Vans	580	1,230	1 810				
" Depreciation of Furniture and Equipment	83	379	462				
" Interest Charge in respect of Capital employed	354		354				
" Manager's Commission	127		127				
" Net Trading Profit carried to Section III	127	4 269	4 396				
	£4 949	£18 644	£23 593		£4 949	£18 644	£23 593
To Interest on Capital—							
Brown		780	780	By Net Trading Profit from Section I—			
Jones		460	460	London Branch		4 269	
Smith		110	110	Brighton Branch		127	
Net Profit—							
Brown		1 938	1 938	Interest on Capital employed at Brighton Branch			4 396
Jones		1 297	1 297				354
Smith		170	170				
			4 405				
			£4 750				£4 750

NOTE ON INCOME TAX EXERCISES

The workings are based on the following reliefs and allowances, so that adjustments will be necessary to arrive at the correct figures based on the latest Finance Act, though the methods of working shown indicate the correct procedure—

Earned income relief	.	.	.	.	.	one tenth (Max £150)
Personal Allowance—						
married man	.	.	.	.	.	£140
single person	.	.	.	.	.	£80
Children's allowance	.	.	.	.	.	each £50
Housekeeper allowance	.	.	.	.	.	£50

EXERCISE XXVI—No 1.

Examples of Income Tax Returns showing allowances, reliefs, etc., as required in the question are on pages 1150-1-2 of *Advanced Accounts*

EXERCISE XXVI—No 2.

RETURN FOR INCOME TAX

	£	s	d
Earned Income	800	-	-
<i>Deductions—</i>			
Earned Income Relief ($\frac{1}{10}$)	£80		
Personal Allowance for Wife and Self	140		
Children's Allowance (3)	150		
	370	-	-
Taxable Income	£430	-	-

EXERCISE XXVI—No 3

RETURN FOR INCOME TAX

	£	s	d
Earned Income	440		
<i>Deductions—</i>			
Earned Income Relief ($\frac{1}{10}$)	£44		
Personal Allowance	80		
Children's Allowance (3)	150		
Housekeeper's Allowance	50		
	324	-	-
Taxable Income	£116	-	-

EXERCISE XXVI—No. 4

The method described in the question is not considered to be correct as the result is that tax for the period from 5th April 1934, to 5th April, 1935, is

EXERCISE XXVI—No 4 (cont'd)

charged against accounts for the period from 30th September 1934 to 30th September 1935

An alternative method that would be more correct is indicated in the following account—

Dr		INCOME TAX ACCOUNT		Cr
1935 Jan 6	To Bank 1934-35 tax paid	£ 600	1934 Oct 1	By Reserve for proportion of tax due for 1934 3s for period from 5th April 1934 to 30th Sept 1934
Sept 30	Reserve for proportion of tax due for 1935 3s for period from 5th April 1935 to 30th Sept 1935	200	1935 Sept 30	Profit and Loss A/c
		£800		£800
			1935 Oct 1	By Reserve b/d
				£.00

EXERCISE XXVI—No 5

Item	If Allowed	Reasons
Income tax	No	It is not an expense of running the business but an amount payable out of profits when ascertained
Loss on sale of motor car	Yes in some circumstances	If the car is replaced by another the amount of the actual loss less wear and tear already given is allowed if the replacement cost is not less than such sum as it is a working loss on plant. If the car is not replaced the loss is not allowed as it is a capital loss
Debenture interest	No	Tax must be paid and deducted on payment of the interest the company thus not bearing the tax but the debenture holders to whom the interest is income
Depreciation of plant	No	This is a capital loss but in the case of plant a wear and tear claim can be made
Directors fees	Yes	These are an expense of running the business and represent moneys paid for services rendered
Donation to the building fund of a hospital	No	This is not a cost of working the business but merely a charitable donation
Premium on loss of profits policy	No	This is not regarded as necessary for working a business but is paid for an indemnity against loss of profits. If however an undertaking is given to bring in for assessment any sums received under such a policy premiums will be allowed
Defalcations by cashier	Yes	Such a loss is a normal trading risk and therefore a normal trading loss

EXERCISE XXVI—No. 6.

Items disallowed are—

Interest on debentures, because it is an item on which tax is recovered by deduction on payment, and is kept in charge on the company on the principle of taxing profits at their source,

Depreciation of plant, because it is a capital loss (Wear and tear allowance may, however, be claimed),

Goodwill written off, because it is a capital loss,

Bad Debts Reserve, unless specific, because it is an estimate of a loss on an arbitrary basis

Subscriptions and donations may or may not be allowed, according to circumstances. The question to determine is whether the items are expenses wholly and exclusively laid out or expended for the purposes of trade with certain possible exceptions such as hospital subscriptions

EXERCISE XXVI—No. 7

RETURN FOR INCOME TAX

	£	£
Earned Income	500	
Investment Income	113	
		613
<i>Deductions—</i>		
Earned Income Relief ($\frac{1}{10}$)	50	
Personal and Wife's Allowance	140	
Children's Allowance (2)	100	
		290
Taxable Income		<u>£323</u>

$$\text{Appropriate Rate} = \frac{\text{Total Tax}}{323}$$

EXERCISE XXVI—No. 8

RETURN FOR INCOME TAX

	£	£
Earned Income		4,108
<i>Deductions—</i>		
Earned Income Relief (MAX)	150	
Allowance for Wife and Self	140	
Child's Allowance	50	
		340
Taxable Income		<u>£3,768</u>

$$\text{Appropriate Rate} = \frac{\text{Tax}}{3,768}$$

EXERCISE XXVI—No. 9.

This subject is fully dealt with on pages 1159-1162 of *Advanced Accounts* (under "Wear and Tear Allowance")

EXERCISE XXVI—No 10

Details of items not allowed as charges against profit when making an adjustment of the Profit and Loss Account for Income Tax purposes are enumerated on pages 1147 and 1148 of *Advanced Accounts* (under Rules for Calculating Profits.)

NOTE The question of items allowed (or not allowed) is now a subject much within the discretion of the Inspector examining accounts submitted.

EXERCISE XXVI—No 11

STATEMENT SHOWING ALLOCATION OF ASSESSABLE PROFIT
BETWEEN PARTNERS

	TOTAL	B	J	K
Interest on Capital	£600	£250	£200	£150
Partnership Salaries	1 200	500	400	300
Share of Assessable Profit divisible equally between partners	£1 800 7 200	£750 2 400	£600 2 400	£450 2 400
	£9 000	£3 150	£3 000	£2 850

FIRM'S ASSESSMENT

Assessable Profit	£	9 000
Deductions—		
Earned Income Relief (Maximum to each Partner)	450	
Personal Allowance (£80 to each Partner)	240	690
Taxable Income		£8 310

PARTNERS' LIABILITY

	Total	B	J	K
Share of Assessable Profit Each Partner—	£9 000	£3 150	£3 000	£2 850
Earned Income Relief	£150 690	230	230	230
Personal Allowance	£80			
Taxable Income	£8 310	£2 920	£2 770	£2 620

EXERCISE XXVI—No. 12.

(i) The reserve for income tax should be made by apportioning on a time basis the tax payable on the two assessments falling within the company's financial year

Taking the company's year ended 31st December, 1936, the assessments falling within that year are 1935-6 from 1st January, 1936, to 5th April, 1936, and 1936-7 from 5th April, 1936, to 31st December, 1936

In determining the liability, the ground-rent and debenture interest would fall to be added back to the profits stated, but the net Schedule A assessment on the property on which the ground-rent is paid should be deducted therefrom. Assessments would arise under both Schedule D and Schedule A, both of which should be apportioned on the basis stated above. As the tax for 1936-7 is not payable until 1st January, 1937 the apportioned tax owing should be reserved for on 31st December, 1936. The tax recoverable by deduction on the ground rent, debenture interest, and dividends does not affect the reserve, but merely the amount of tax to be charged against profits

(ii) The deduction of expenses wholly, exclusively, and necessarily incurred in the performance of duties, the emoluments for which are assessed under Schedule E, may be deducted from the emoluments to be assessed, but, in practice, the taxpayer is usually required to establish the right to such deductions at considerably greater trouble than is called for under Schedule D

EXERCISE XXVI—No. 13

Robert Laws may appeal on (a) and (d). The question of depreciation is now more closely examined by an Inspector of Taxes as circumstances which determine the allowance in regard to it are not the same in all cases, and an appeal would receive consideration

If the subscription to a local hospital was in the nature of a donation to the institution for purposes of securing treatment to his own employees, the contribution would be allowed

EXERCISE XXVI—No. 14

The items enumerated are dealt with as under—

- (a) *5 per cent on Sundry Debtors* is disallowed and would be added back
- (b) *Deposit Interest* would remain as a credit item in the Account
- (c) *Premiums received on an issue of shares* would not appear in the account, being an item of a strictly 'capital' nature
- (d) *Losses by embezzlement* would be disallowed and added back, presuming, of course, an item for "premium" on a third party risk policy was already in the account. Otherwise, the item would be the subject of careful consideration by the Inspector of Taxes before being allowed as a charge against profits

EXERCISE XXVI—No. 15

Items (a) and (d) are items of a 'capital' nature and do not affect the Profit and Loss Account

Preliminary Expenses are not viewed as a business expense, and would be added back

Depreciation of Steamers is allowed by the Income Tax authorities at 4 per cent on 'Prime Cost'. Therefore, if 5 per cent is charged on "Prime Cost" the difference in charge between the percentages must be added back

EXERCISE XXVI—No 16

RETURN FOR INCOME TAX

	£	s	d	£	s	d
Net Profit as Profit and Loss A/c				977	-	-
Add Deductions not Allowed—						
Interest on Loan	25	-	-			
Interest on Partners Capital	80	-	-			
Partner's Salary	350	-	-			
Amount without Goodwill	50	-	-			
Charitable Subscriptions	28	-	-			
				533	-	-
				£1 510	-	-

The firm will be assessed on £1 510 subject to the usual abatements and reliefs to Partners. Wear and Tear (if any) would be deducted from above figure.

EXERCISE XXVI—No 17

RETURN FOR INCOME TAX

	£	£
Earned Income	750	
Unearned Income (War Loan Interest)	100	
		850
<i>Deductions—</i>		
Earned Income Relief (10)	75	
Wife and Self Allowance	140	
Children's Allowance (2)	100	
Dependent Relative Allowance	25	
		340
Taxable Income		£510

The taxpayer is entitled to an abatement from the tax chargeable for his payment of £20 Insurance premium.

EXERCISE XXVI—No 18

RETURN FOR INCOME TAX

	£	£
Total Income from all Sources		8 808
<i>Deductions—</i>		
Earned Income Relief (Maximum to A and B)	300	
Personal Allowance B	80	
Wife and Self Allowance A	140	
		520
Taxable Income		£8 288

There will be an allowance for A on the insurance premiums for A and his wife.

EXERCISE XXVI—No. 19

RETURN FOR INCOME TAX

Net Profit as Profit and Loss Account	£	£ 780
Add Deductions not Allowed—		
Income Tax on Business Premises	55	
Life Assurance Premium	15	
Interest on Capital	40	
Ground Rent	75	
		185
		965
Less Dividends (taxed)	60	
„ Rent of Premises	220	
		280
Taxable Profit		£685

COMMENTS

The above Return is based on the conclusions that—

(1) Travelling Expenses of Staff and Proprietor were incurred in the prosecution of matters concerned with the business and

(2) Bank Interest was on a temporary overdraft, or other bank accommodation and not being annual interest

(3) The Rent of Premises being *net* assessment as for Schedule A, and calculated on Income Tax at 5s, i.e. £55 × 4 = £220

EXERCISE XXVI—No. 20

The wages calculations should be made by a wages clerk and recorded in the Wages Book. A cheque should be drawn for the total wages payable and, when cashed, the wages packets made up. On paying wages, a responsible person should make the distribution, the foreman of each department being present when the men in his shop are being paid. The payments should be attested by the person distributing and the respective foremen. The duties of wages clerk should, at various times, be performed by different persons in order to eliminate as far as possible collusion between the wages clerk and employees. The time sheets of employees should be vouched by shop foremen before wages calculations are made. An occasional check on the wages calculations may be made at unspecified times with a view to preventing fraud.

EXERCISE XXVI—No. 21

P PENSLEY'S LEDGER

Dr		R RUBBLE			Cr	
19 Mar 1	To Bills Payable	£ 250	s -	d -	19 Mar 1	By Bills Receivable
						£ 250
						s -
						d -

Dr		BILLS RECEIVABLE ACCOUNT			Cr	
19 Mar 1	To R. Rubble	£ 250	s -	d -	19 Mar 1	By Cash
						£ 250
						s -
						d -

EXERCISE XXVI—No 21 (contd)

Dr		BILLS PAYABLE ACCOUNT						Cr	
19 June 4	To Cash	£	2	s	0	19 Mar 1	By R Rubble	£	250

Dr		BANKER'S DISCOUNT ACCOUNT						Cr	
19 Mar 1	To Cash	£	2	s	16				

Dr		CASH ACCOUNT (Bank Column)						Cr	
19 Mar 1	To Bills Receivable	£	250	s	0	19 Mar 1	By Bankers Discount	£	2
						June 4	Bills Payable	250	s 16 3

R RUBBLE'S LEDGER

Dr		P PENSLEY						Cr	
19 Mar 1	To Bills Payable	£	250	s	0	19 Mar 1	By Bills Receivable	£	250

Dr		BILLS RECEIVABLE ACCOUNT						Cr	
19 Mar 1	To P Pensley	£	250	s	0	19 Mar 1	By Cash	£	250

Dr		BILLS PAYABLE ACCOUNT						Cr	
19 June 4	To Cash	£	250	s	0	19 Mar 1	By P Pensley	£	250

Dr		BANKER'S DISCOUNT ACCOUNT						Cr	
19 Mar 1	To Cash	£	2	s	16				

Dr		CASH ACCOUNT (Bank Column)						Cr	
19 Mar 1	To Bills Receivable	£	250	s	0	19 Mar 1	By Bankers Discount	£	2
						June 4	Bills Payable	250	s 16 3

EXERCISE XXVI—No. 22

SPECIMEN OF COMBINED SALES AND BOUGHT JOURNAL

Date	Particulars	Fol.	Dr	Cr.	Bought Book	Sales Book
19			£ s d	£ s d	£ s d	£ s d

SPECIMEN OF CASH BOOK

(CREDIT SIDE)

Date	Particulars	Fol.	Discount	Cash	Bank	Creditors Ledger	General Ledger
19			£ s d	£ s d	£ s d	£ s d	£ s d

(DEBIT SIDE)

Date	Particulars	Fol.	Discount	Details	Bank	Sales Ledger	General Ledger
19..			£ s d	£ s d	£ s d	£ s d	£ s d

EXERCISE XXVI—No. 23

The books of account deemed necessary, and the allocation of duties in connection with them, would be as follows—

*Books**Member of Staff*

Cash Book
General Ledger
Private Ledger

} Chief Clerk or firm's Accountant

Purchases Book
Sales Book
Purchases and Sales Ledgers

} Senior Clerk

Wages Book
Petty Cash Book

} Junior Clerk

The Junior Clerk subject to supervision by Senior Clerk.

The Senior Clerk subject to supervision by Chief Clerk who would advise generally on detail work of office

EXERCISE XXVI—No 24

(a) *Floting Assets* are assets held for purposes of trading such as Stocks Debtors Bills etc

(b) *Fixed Assets* are assets acquired for purposes of earning income such as Plant and Machinery Horses and Vans etc

(c) *Preliminary Expenses* are expenses incurred on the flotation of a company such as Legal Expenses Stationery Advertising etc

(d) *Self balancing Ledgers* are ledgers which are made capable of producing a Trial Balance independently The Trial Balance is possible by the introduction of an Adjustment Account which in its nature is a TOTAL account showing the aggregate of transactions only on opposite sides to the accounts in the Ledger being proved

(e) *Watering of Stock* means that the NOMINAL value of the Capital of a company has been increased without the corresponding increase in receipts from shareholders

(f) *Allonge* is a slip of paper attached to Bills of Exchange for further endorsements

EXERCISE XXVI—No 25

A *Cumulative Preference Share* is one which carries with it a prior consideration for a dividend—or share of the profit also a right to arrears on dividends out of future profits

The arrears on dividends referred to do not affect the annual accounts of a company but a memorandum to that effect may be shown in the Balance Sheet

EXERCISE XXVI—No 26

See *Advanced Accounts* page 830 for Specimen of Cost Sheet of a manufacturer

EXERCISE XXVI—No 27

See *Advanced Accounts* page 981 (under Difference between a Statement of Affairs and a Balance Sheet)

EXERCISE XXVI—No 28

The adjustments necessary to show the correct position of the Birchets Mineral Water Co Ltd with their customers would be as follows—

19

- | | | | | | |
|--|--|--|--|--|--|
| (1) Sale or Return Account
To Sundry Debtors
To reduce the charge for supplies of minerals to actual amount supplied | | | | | |
| (2) Provision for Discount on Debtors
To Discount Reserve on Debtors
Charge against profits of sum equal to agreed 10% discount due to customers when accounting for sales | | | | | |

The above entries properly incorporated in accounts will present the true

EXERCISE XXVI—No 29.

See *Advanced Accounts*, page 151 (under appropriate headings).

EXERCISE XXVI—No 30.

The financial position of a concern is gauged according to the position in which an individual stands toward the concern whose balance sheet is the subject of examination

(a) A *banker* considers the financial position of a concern sound when its floating (or circulating) assets are adequate to meet its current liabilities or, to put it another way, the ability of a concern to meet its liabilities on a forced realization

(b) A *shareholder* considers a concern financially sound whilst it can maintain its capacity to earn profits, and betrays no apparent embarrassment as regards the relation between its liabilities and the adequacy of assets to meet them

(c) A *debenture holder* considers a concern financially sound according to the liquidity of its available assets

(d) An *auditor* takes a more exact view of matters in determining the financial position of a concern. An auditor will closely examine the individual items, both assets and liabilities, their evaluation being arrived at after searching investigation of relevant documents. A sound financial position, after a close study of all important matters has been carried out, is presumed on the following factors—

(1) Fixed assets are maintained at their full earning valuations

(2) Floating or circulating assets are adequate to meet floating liabilities

(3) Reserves have been created which are sufficient for contingent and future liabilities without impairing the general financial soundness of the concern

EXERCISE XXVI—No 31

CONVERTED CHICAGO TRIAL BALANCE

	Rate of Ex change						
		£	s	d	£	s	d
Head Office Account . . .					6,502	14	6
Remittances Account . . .		2,786	6	11			
Stock, 1st Jan . . .	4 86	1 046	5	11			
Fixtures and Fittings . . .	4 86	562	19	3			
Purchases . . .	4 92	3 627	4	8			
Sales . . .	4 92				7,277	12	10
Sundry Debtors . . .	5 00	3 542	-	-			
Sundry Creditors . . .	5 00				412	8	-
General Expenses . . .	4 92	1 544	18	4			
Discount . . .	4 92				84	19	2
Cash . . .	5 00	92	-	-			
Bank . . .	5 00	1,090	-	-			
Profit on Exchange . . .					14	-	7
		£ 14,291	15	1	14,291	15	1

EXERCISE XXVI—No 31 (contd.)

JOURNAL ENTRIES

		£	s	d	£	s	d
19 Dec 31	Remittances from Branches To Branch Account	2 786	6	11	2 786	6	11
, 31	Branch Trading Account To Branch Account	4 673	10	7	4 673	10	7
	Stock 1st Jan	£1 046	5	11			
	Purchases	3 627	4	8			
, 31	Branch Account To Branch Trading Account	8 282	12	10	8 282	12	10
	Sales	£7 277	12	10			
	Stock 31st Dec	1 005					
, 31	Branch Trading Account Branch Account To Branch Profit and Loss A/c For gross profit and discount received	3 609 84	2 19	3 2	3 694	1	5
, 31	Branch Profit and Loss Account To Branch Account General expenses	1 544	18	4	1 544	18	4
, 31	Branch Account To Branch Profit and Loss A/c Difference in exchange	14		7	14		7
31	Branch Profit and Loss Account To Head Office Profit and Loss A/c 100% profit transferred	2 163	3	8	2 163	3	8
		£23 158	14	4	£23 158	14	4

HEAD OFFICE LEDGER

Dr

REMITTANCES FROM BRANCH ACCOUNT

Cr

9 Dec 31	To Branch A/c	£ 2 786	s 6	d 11	19 Jan Dec	By Cash	£ 2 786	s 6	d 11
-------------	---------------	------------	--------	---------	---------------	---------	------------	--------	---------

Dr

BRANCH ACCOUNT

Cr

		£	s	d			£	s	d
19					19				
Jan 1	To Balance	6 502	14	6	Dec 31	By Remittances from			
Dec 31	Branch Trading	8 282	1	10		Branch A/c	2 786	6	11
" 31	Branch Profit and				31	Branch Trading A/c	4 673	10	7
	Loss A/c	84	19	2	31	Branch Profit and			
" 31	Branch Profit and					Loss A/c	1 544	18	4
	Loss A/c	14		7	31	Balance c/d	5 879	11	4
		£ 14 844		1			£ 14 844	7	1

EXERCISE XXVI—No. 31 (contd)

Dr		BRANCH TRADING ACCOUNT			Cr				
19 Dec 31	To Branch A/c— Stock Purchases Branch Profit and Loss A/c	£ 1 046 3 627 3 603 8 282	s 5 11 4 8 2 3 12 10	d 8 3 10	19 Dec 31	By Branch A/c— Sales Stock, 31st Dec.	£ 7 277 1 005 8 282	s 12 10 12 10	d 10 — 10

Dr.		BRANCH PROFIT AND LOSS ACCOUNT			Cr				
19 Dec 31	To Branch A/c— General Expenses Net Profit to Head Office .	£	s	d	19 Dec 31	By Branch Trading A/c Branch A/c— Discounts Received Difference in Ex change	£	s	d
		1 544	18	4			3 699	2	3
		2 163	3	8			84	19	2
		£3,708	2	—			14		7
							£3,708	2	

BALANCE SHEET AS AT 31ST DECEMBER, 19

LIABILITIES			ASSETS		
£	s	d	£	s	d
412	8	-	Cash	82	-
5,879	11	3	Bank	1,090	-
			Sundry Debtors		1 182
			Stock		3,542
			Furniture		1 000
					582 19 3
<u>£6 291</u>	<u>19</u>	<u>3</u>			<u>£6,291 19 3</u>

CHICAGO BRANCH LEDGER

Dr.		REMITTANCES FROM HEAD OFFICE		Cr	
19 Jan.-Dec.	To Cash	\$ 14,600	19 Dec 31	By Transfer to Head Office	\$ 14 000

Dr		HEAD OFFICE ACCOUNT		Cr	
19 Dec. 31	To Transfer from Remittances Account	\$ 14 000	19 Dec. 31	By Balance	\$ 32 602
" 31	" Balance c/d	29 319	" 31	" Profit and Loss Account (Net gain)	10 717
		\$43 319			\$43 319

EXERCISE XXVI No 31 (contd)

TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 19

Dr			Cr
To Stock 1st Jan	\$ 5 085	By Sales	\$ 35 806
Purchases	17 846	Stock 31st Dec	5 025
Balance Gross Profit c/d	1 900		
	<u>\$40 831</u>		<u>\$40 831</u>
To General Expenses	7 601	By Trading Account b/d	17 900
Balance Net Profit to Head Office	10 717	Discounts Received	418
Profit and Loss Account			
	<u>\$ 18 318</u>		<u>\$18 318</u>

BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES.		ASSETS	\$	\$
Sundry Creditors	\$ 2 062	Cash	460	
Head Office Account	29 319	Bank	5 450	
		Sundry Debtors		\$ 910
		Stock		5 025
		Fixtures		2 736
	<u>\$31 381</u>			<u>\$31 381</u>

EXERCISE XXVI—No. 32

F SAUNDERS'S STATEMENT OF AFFAIRS AT DATE OF RECEIVING ORDER

Gross Liabilities		LIABILITIES		Expected to Rank.		Assets		Estimated to Produce	
£	s d	£	s d	£	s d	£	s d	£	s d
9 700	-	Unsecured Creditors A				Property H—			
2,800	-	Fully secured Creditors B				Cash		40	-
	-	Value of Security		2,800	-	Stock		800	-
	-	Surplus to contra		3,800	-	Machinery		750	-
3,000	-	Partly secured Creditors C		(1 000)	-	Fixtures		100	-
	-	Value of Security		3 000	-	Total as Last H		1 690	-
250	-	Liability on Bills discounted D		1 000	-	Surplus from Last B, as per contra		1,000	-
120	-	Creditors for Rent F		120	-	Book Debit I—		500	-
20	-	Preferential Creditors G—				Good			
50	-	Rates and Taxes				Doubtful			
	-	Wages and Salaries		70	-	Bad			
	-	Deducted in full as per contra		£190	-			100	-
	-					Total Assets		3 290	-
	-					Deduct Preferential Creditors as per contra		190	-
	-					Net Assets		3 100	-
	-					Deficiency K		2 850	-
£9 640	-			£590	-			£5 950	-

The estate can pay $\pounds 3100 = 10s\ 5d$ in \pounds .

EXERCISE XXVI—No 33 (cont'd)

PHILLIPS & THOMAS, LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

Dr

Cr.

	£	s	d	£	s	d	£	s	d	£	s	d
To Trade Expenses				246	5	4				8,437	1	11
" Salaries												
" Bad Debts				189	5	3				842	5	4
<i>Add</i> Bad Debts accrued				150								
Legal Expenses							359	4	3			
" Rates and Taxes							17	9	5			
<i>Less</i> Rates prepaid				146	5	4						
" 15												
Travelling Expenses (including £241/15/4 from P & C B)							191	5	4			
Repairs (including £27/18/3 from P & C B)							242	19	5			
Insurance							186	3	4			
Subscriptions and Donations							2,035	4	2			
Horse keep and Carriage (incl. £15/5/7 from P & C B)							76	9	8			
Bank Commission							83	4	9			
Sundry Expenses							361	11	2			
Interest on Mortgage							52	5	7			
Bad Debt Reserve (estimated)							14	0	7			
Discount Reserve on Debtors (5% of £5,745/5/4)							160					
Depreciation—							346					
Freehold Factory (1% of £5,800)	58						287	5	3			
Extensions to Factory (25% of £440)	110											
Machinery and Plant (5% of £2,164)	120	4										
Engine and Boiler (10% of £560)	56											
Balance <i>old</i> , New Profit							944	4				
							1,434	11	3			
							(7,281	5	9			

Dr

APPROPRIATION ACCOUNT

Cr

	£	s	d	£	s	d
To Interim Dividend Paid on Preference Shares						
Balance to Balance Sheet				240		
				1,194	11	3
				(1,434	11	3
By Current Year's Profit						
				1,434	11	3

PHILLIPS & THOMAS LTD
BALANCE SHEET AS AT 31ST DECEMBER 19

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS	
£	s	£	s
<i>Nominal Capital—</i>		<i>Freehold Factory</i>	
8 000 8% Cumulative Preference Shares of £1 each	8 000	<i>Less Depreciation</i>	58
14 000 Ordinary Shares of £1 each	14 000		5 742
			400
<i>Issued Capital—</i>		<i>Dwelling house</i>	440
8 000 6% Cumulative Preference Shares of £1 each	8 000	<i>Extensions to Factory</i>	170
fully paid		<i>Less Depreciation</i>	164
14 000 Ordinary Shares of £1 each fully paid	22 000		240
		<i>Plant and Machinery</i>	404
		<i>Add Additions</i>	120
		<i>Less Depreciation</i>	4
			2 283
<i>Loan on Mortgage</i>			16
<i>Mortgage Interest accrued</i>			
<i>Sundry Creditors</i>			
<i>Accruals for Extensions to Premises owing</i>			
<i>Profit and Loss Account—</i>			
Balance available for distribution	1 194		504
	11		50
	3		200
			209
			5 000
			7 3 6
			56
			6 091
			633
			5 3
			5458
			10
			835
			8 2
			507
			944
			94
			11
			15
			1 545
			11 8
			29 908
			1 6

Dr PUBLISHING TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19. Cr

	£	s.	d.	£	s.	d.
To Stock, 1st Jan	500	-	-	By Sales	5,500	-
" Paper and Printing	4,250	-	-	" Subscribers.	40	-
" Engraving Blocks	150	-	-	" Advertisements	4 100	-
" Literary Contributions	400	-	-	" Stock, 31st Dec.	700	-
" Carriage	140	-	-			
" Postage and Telegrams	30	-	-			
" Advertising Expenses	150	-	-			
" Trade Expenses	110	-	-			
" Discounts	10	-	-			
" Bad Debts	20	-	-			
" Wages and Salaries	500	-	-			
" Designs for Publications	500	-	-			
" Balance, Net Profit of Dept.	3 280	-	-			
	£ 10 340	-	-		£ 10 340	-

Dr SUPPLY TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19.. Cr

	£	s.	d.	£	s.	d.
To Stock, 1st Jan.	4 000	-	-	By Sales	17,000	-
" Purchases	9,000	-	-	" Stock, 31st Dec.	4,500	-
" Carriage	1,200	-	-			
" Trade Expenses	150	-	-			
" Wages and Salaries	1,500	-	-			
" Discounts	30	-	-			
" Postages and Telegrams	90	-	-			
" Designs for Publications	500	-	-			
" Balance, Net Profit of Dept.	5,030	-	-			
	£ 21,500	-	-		£ 21,500	-

THE STAMBRIDGE PUBLISHING CO., LTD.

BALANCE SHEET AS AT 31st DECEMBER 19 .

CAPITAL AND LIABILITIES		£		s	d	£		s	d	PROPERTY AND ASSETS		£		s	d	£		s	d
<i>Nominal Capital—</i>										Copyrights Account						18,000			
10 000 Ordinary Shares of £1 each		10 000		—						Furniture Fixtures, and Fittings		940		—					
4 000 6% Preference Shares of £5 each		20,000		—						Less Depreciation		94		—		840			
		£ 30 000		—						Stock									
										Publishing Department		700		—					
										Supply Department		4 500		—					
<i>Issued Capital—</i>										Goodwill									
4 780 Ordinary Shares		1 780		—						Sundry Debtors		3 220		—		5,200			
Less Calls in Arrear		10		—						Less Reserve for Bad Debts		500		—		4 000			
								4 780											
4,000 6% Pref Shares of £5 each								20 000								2,720			
Reserve Account		3 000		—						Bills Receivable						190			
Add Transfer from Profit and Loss Account		2 000		—						Cash at Bank		1 760		—					
										Cash in hand		90		—					
										General Advertising Expenses		6 000		—		1 850			
Bills Payable										Less Amount written off, &		2 000		—		4,000			
Sundry Creditors																			
Managing Director's Commission																			
<i>Profit and Loss Account—</i>																			
Balance available for distribution																			

KEY TO ADVANCED ACCOUNTS

TEST I—No. 1

When a bank overdraft has been collaterally secured by the issue of Debentures, the Debentures so issued should be entered "short" on the Liabilities side of the Balance Sheet, as below—

BALANCE SHEET
(CAPITAL AND LIABILITIES SIDE ONLY)

	£	s	d	£	s	d
<i>Authorized Debentures—</i> 800 Bonds of £50 each						
<i>Issued Debentures—</i> 600 Bonds of £50 each	40,000	—	—			
Bank Overdraft (Collaterally secured by Issue of £5,000 Debentures)				30,000	—	—
				4,000	—	—

TEST I—No. 2.

According to Article 13 of Table A, a company is empowered to charge Interest on Calls in Arrears at the rate of 5 per cent, and not at 10 per cent as charged by the company. It would seem reasonable to assume that Interest on Calls in Advance should be provided for, against defaulting shareholders being charged interest (See also *Advanced Accounts*, pages 620 and 621)

TEST I—No. 3.

The documents, or other information required before passing the Share Certificates as correct, are as detailed below—

- (1) Old Share Certificates covering the distinctive numbers included in the new certificates to be surrendered
- (2) The Share Transfer—transferring the shares to the person in whose favour the new certificate is prepared—duly signed by the transferor and transferee, should be inspected
- (3) Satisfactory evidence of the following facts must be forthcoming—
 - (a) That the transfer fee has been paid
 - (b) That the transfer has been properly stamped
 - (c) The new share certificate to be closely examined as to its accuracy in the details inserted
 - (d) The transfer lodged when the transferor acquired the shares
 - (e) Agreement of particulars relating to the shares as entered in the Share Register with particulars of shares given in the transfer

TEST I—No. 4.

See example of form of Bin Card on page 818 of *Advanced Accounts*

BIANKS LTD

Dr MANUFACTURING AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 1939

	£	s	d		£	s	d		£	s	d
To Stock 1st January 1938 Purchases <i>Less Returns Outward</i>	67	8-4	-		21	872	-		131	419	-
Factory Wages • Factory Expenses— Machinery Repairs Interest and General Expenses Insurance	-	927	-		68	927	-		21	741	-
	-	-	-		22	810	-				
	-	387	-								
	-	3	31-5								
	-	675	-		4	377	-				
	-	-	-								
<i>Depreciation—</i> Machinery and Plant Loose Tools	5	836	-		6	451	-				
	61-5	-	-		30	723	-				
Balance Gross Profit c/d					£153	160	-		£153	160	-
To Salaries and Expenses Interest and General Expenses Insurance Travellers' Salaries and Expenses Bad Debts Directors' Fees Discounts Depreciation of Motor Lorry Balance Net Profit c/d					6	391	-		30	723	-
					663	-			400	-	
					135	-			800	-	
					5	448	-				
					1	127	-				
					1	200	-				
					475	-					
					1	382	-				
					15	104	-				
					£31	923	-		£31	923	-

APPROPRIATION ACCOUNT

<i>Dr</i>	APPROPRIATION ACCOUNT						<i>Cr</i>			
	<i>f</i>	<i>s</i>	<i>d</i>	<i>f</i>	<i>s</i>	<i>d</i>	<i>f</i>	<i>s</i>	<i>d</i>	
To Interim Dividend paid on Balance to Balance Sheet										
A 6% Preference Shares				2 250	-	-				
				12 854	-	-				
							£15 104	-	-	
							£15 104	-	-	

TEST II—No 1

JOURNAL OF McARTHURS LTD

			£	s	d	£	s	d
19 Feb 1	Appropriation A/c To Reserve A/c	Dr	5 000	-	-	5 000	-	-
	Preference Share Dividend A/c To Preference Shareholders	Dr	1 750	-	-	1 750	-	-
	Preference Shareholders To Income Tax (tax at say 4s) Bank	Dr	1 750	-	-	350 1 400	-	-
	Appropriation A/c To Preference Share Dividend A/c	Dr	1 750	-	-	1 750	-	-
	Ordinary Share Dividend A/c To Ordinary Shareholders	Dr	10 000	-	-	10 000	-	-
	Ordinary Shareholders To Income Tax (tax at say 4s) Bank	Dr	10 000	-	-	2 000 8 000	-	-
	Appropriation A/c To Ordinary Share Dividend A/c	Dr	10 000	-	-	10 000	-	-
			£ 40 250	-	-	40 250	-	-

Dr

APPROPRIATION ACCOUNT

Cr

		£	s	d		£	s	d
19 Feb 1	To Reserve	5 000			19 Feb 1	By Balance	3 743	
	Preference Dividend	1 750			Dec 31	Profit for year	19 748	
	Ordinary Dividend	10 000						
	Balance c/d	6 743						
		£ 23 493					£ 23 493	
					Feb 1	By Balance b/d	6 743	

Dr

BANK ACCOUNT

Cr

		£	s	d
19 Feb 1	By Pref Shareholders	1 400		
1	Ordinary Shareholders	8 000		

TEST II—No. 1 (cont'd)

Dr		INCOME TAX ACCOUNT				Cr	
			19 Feb 1	By Pref Shareholders , Ordy Shareholders		£ 350 2 000	s - -

TEST II—No. 2.

The necessary entries for the issue of shares at a premium (applicable to any class of share) are set out on pages 603 and 604 of *Advanced Accounts*

TEST II—No. 3

It may be assumed that as the directors of the company are empowered according to the Articles of Association of the company, to allow interest on Calls in Advance there would be an obligation to make provision for such interest when preparing the accounts for the financial year. The necessary entries to bring interest on Calls in Advance into account are as under—

JOURNAL

Interest Payable A/c	.	Dr
To Shareholders		

(See also *Advanced Accounts* pages 620 and 621)

TEST II—No. 4

This item of overhead relates to the attempt to ascertain the expense of running each machine in order to be able to charge the work done on the machines with the actual expense due to work being performed. When the actual cost has been ascertained for the total estimated running hours the overhead is usually applied as a percentage of such cost and charged against a job in the ratio the "total" time run by the machine bears to the actual time run on the specific job.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1938

	£	s	d
To Discounts			
Salaries and Commissions	£	175	-
Directors Fees		729	-
Office and Trade Expenses		1500	-
Bad Debts		2368	-
Depreciation of Plant and Machinery		122	-
Leasehold Redemption Fund		5700	-
Balance Net Profit		1200	-
		8181	-
	£	47537	-
By Trading Account Gross Profit	£	47537	-
			-
	£	47537	-

BLANKS LTD
BALANCE SHEET AS AT 30TH JUNE 1938

CAPITAL AND LIABILITIES	f	s	d
Nominal Capital—			
50 000 5% A Preference Shares of £1 each	50 000	—	—
200 000 7% B Preference Shares of £1 each	200 000	—	—
200 000 Ordinary Shares of £1 each	200 000	—	—
	£450 000	—	—
Issued Capital—			
50 000 5% A Preference Shares of £1 each fully paid	50 000	—	—
100 000 7% B Preference Shares of £1 each fully paid	100 000	—	—
150 000 Ordinary Shares of £1 each fully paid	150 000	—	—
Sundry Creditors			900 000
Income Tax Reserve			23 552
Leasehold Redemption Fund 1st July 1938			4 848
Add Transfer from Profit and Loss	13 200	—	—
Add Interest at 3%	1 200	—	—
	40s	—	—
			14 805
Profit and Loss Account—			
Balance Available			33 774
			£377 079

PROPERTY AND ASSETS	f	s	d
Leasehold Premises			38 000
Plant and Machinery			5 700
Less Depreciation			—
			—
Policy Account for Leasehold Redemption (see Contra Account)			—
Goodwill			14 805
Stock in Trade			75 000
Sundry Debtors			103 523
Less Bad Debts Reserve			—
	84 560	—	—
	500	—	—
Cash at Bank and in hand			84 080
			27 391
			£377 079

4

TOTAL DEBTORS' ACCOUNT

1937		1938		1939		1940		1941		1942	
Dec 31	Dec 31	Dec 31	Dec 31	Jan 1	Jan 1	Jan 1	Jan 1	Jan 1	Jan 1	Jan 1	Jan 1
To Debtors in France at this date		By Amount received during the year		By Amount received during the year		By Amount received during the year		By Amount received during the year		By Amount received during the year	
" Sales during the year		" Debtors at this date at 175 exchange		" Debtors at this date at 175 exchange		" Debtors at this date at 175 exchange		" Debtors at this date at 175 exchange		" Debtors at this date at 175 exchange	
" Profit on Exchange											
To Debtors in France at this date											
172 320 00		960		1 160 630 00		20 789		1 160 630 00		6 739	
968 310 00		5 713 36						84 350 00		482	
1 160 630 00		6 673 36		1 160 630 00		20 789		1 160 630 00		6 739	
84 350 00		482									

The first debit represents the total of the Debtors' account at the end of the year.

The first debit represents the total of the Debtors' list in £cs and sterling at 31st December 1937. The second debit is the total sales for the year in £cs and sterling. The third debit is the difference between the sterling values of the commencing debtors and sales, and the amount realized for them plus the sterling value of the closing debtors at the rate of exchange prevailing at the balancing date. The first credit is the actual amount remitted in £cs and the sterling amount realized for them. The second credit is the total of the Debtors' list in £cs and sterling at 31st December, 1938.

SINKING FUND ACCOUNT

Cr

Dr

		1936 Dec 31	1937 Dec 31	1938 Dec 31		£	s	d
					By Profit and loss Account	1 600	-	-
					Interest Profit and Loss Account	56	-	-
						1 600	-	-
						3 256	-	-
					Interest Profit and Loss Account	113	19	2
						1 600	-	-
						£4 969	19	2

INVESTMENT ACCOUNT

Cr

Dr

		1936 Dec 31	1937 Dec 31	1938 Dec 31		£	s	d
		To Bank				1 600	-	-
		, Bank				1 856	-	-
		Bank				1 713	19	2
						£4 969	19	2

BALANCE SHEET AS AT 31ST DECEMBER 1938

		LIABILITIES		ASSETS	
		£	s	£	s
Debentures		20 600	-	Sinking Fund Investments	4 969
Sinking Fund Account			19 2		19 2
		</			

When repayment of the debentures takes place the investment will be realized bank being debited and the investment credited. Any balance that may remain on the latter account will be transferred to the Sinking Fund Account. The Debenture Discount Account will be transferred to the Sinking Fund Account the balance of which will be transferred to a Reserve Account. The Debentures will be discharged the Debentures Account being debited and bank credited.

TEST III—No. 4

Dr

MACHINERY ACCOUNT

Cr

	£	s	d		£	s	d
To Bank—				By Sale of Scrap	75		
Cost of Machine	2,000	-	-	Amount written off to			
Cost of Erection	100	-	-	Depreciation Fund	1,975	-	-
Cost of New Machine	2,300	-	-	Balance, carried down	2,350	-	-
	£4,400	-	-		£4,400	-	-
To Balance, brought down	2,350	-	-				

Dr

DEPRECIATION FUND

Cr

	£	s	d		£	s	d
To Cost of Scrapping Machine	20	-	-	By Amount of Fund as stated	1,650	-	-
Loss on Realization of Investment	90	-	-	Profit and Loss Account	435	-	-
Amount written off Machinery	1,975	-	-				
	£2,085	-	-		£2,085	-	-

Dr

INVESTMENT ACCOUNT

Cr

	£	s	d		£	s	d
To Balance	1,650	-	-	By Bank	1,650	-	-
				Loss on Realization	90	-	-
	£1,650	-	-		£1,650	-	-

Dr

BANK ACCOUNT

Cr

	£	s	d		£	s	d
To Sale of Scrap	75	-	-	By Machine	2,000	-	-
Investments	1,500	-	-	Cost of Erection	100	-	-
				Cost of Scrapping Machine	20	-	-
				Cost of New Machine	2,300	-	-

TEST III—No. 5

(a) Liabilities of customers for acceptances endorsements, and other engagements denote bills which the bank has accepted or endorsed on behalf of its customers. This is usually done in the case of foreign bills as it greatly facilitates their negotiation abroad. The customer is, of course, liable to the bank, while the bank is liable to the parties abroad. These items therefore appear on both sides of the balance sheet.

(b) Money at call or short notice denotes loans to bill brokers, stock brokers and others on securities called "Floaters" (i.e. exchequer bonds, consol certificates, and other first-class securities). Advances are also made on Dock Warrants, Consignments, Produce Documents, etc.

(c) Current Deposit and other Accounts, including provision for Contingencies, denotes the liability of the bank to its customers, repayable on demand or after a short period of notice. Provision may also be included in the item for staff pension fund, secret reserves, and any balances which it is not thought needful to describe with more particular detail.

TEST III—No. 6

(a) An appropriation of profit is the allocation of profit earned to some particular purpose such as the payment of a dividend the setting aside to reserve of some specified sum or an arbitrary amount written off goodwill

(b) A charge against profit is an item of expense that has been incurred in earning profit

(i) Directors' fees are a charge against profits as the fees represent remuneration paid to directors for services rendered in conducting the business of the company

(ii) Debenture interest may be regarded as either a charge against profits or an appropriation of profit. It may be said that the interest is an essential cost of working the business and from that point of view is a charge against profits. On the other hand it can be argued that if the company had issued shares to an extent to provide the funds necessary to run the business borrowing would not have had to be resorted to and debenture interest would not have arisen and that consequently the interest is remuneration to money invested in the business on debentures just as a dividend is remuneration to money invested in the business in shares. It is also thought that the Profit and Loss Account should show profit arising from pure trading and not have charged against it in arriving at trading profits an item like debenture interest which would not have arisen if the company had issued sufficient share capital and avoided borrowing

(iii) Bad Debts Reserve is a charge against profits because it represents a provision for probable losses arising in trading

(iv) A General Reserve is an appropriation of profit because it is merely the setting aside of profit earned and is not a cost of earning profit

(v) Dividends paid is an appropriation of profit, being merely a distribution of profit and not a cost of earning it

TEST III—No 8

See *Advanced Accounts* page 612 The *pro forma* Journal entries relating to forfeiture are—

Share Capital Account

To Forfeited Shares Account

Cancellation of called up capital on shares forfeited

Forfeited Shares Account

To Share Call Account

Amount of unpaid calls written off

TEST IV—No 1

(a) Gross Profit £4 518

(b) Expenses £2 158 (excluding Depreciation £418)

(c) Net Profit £1 942

(d) *Capital Accounts*—

	A			B		
	£	s	d	£	s	d
Balance 1st Jan 1938	8 233	-	-	5 996	-	-
Add Share of Net Profit	971	-	-	971	-	-
	<hr/>			<hr/>		
	9 204	-	-	6 967	-	-
Less Drawings	900	-	-	750	-	-
	<hr/>			<hr/>		
Balance 31st Dec 1938	£8 304			£6 217	-	-
	<hr/>			<hr/>		

	PROOF								
	£	s	d	£	s	d	£	s	d
Assets (as question)							15 625		
Capital A	8 304	-							
B	6 217								
	<hr/>			14 521	-				
Creditors				1 104					
				<hr/>			15 625		
							<hr/>		

TEST IV—No. 2.

GENERAL LEDGER
SALES LEDGER ADJUSTMENT ACCOUNTS

	(Town)	(Country)*
To Balance b/f	£ 375	8
" Sales	1,942	16
" Balance c/f	1,933	9
" Difference as Country Sales Ledger	4	6
	£ 5,131	19
	8	3
	356	7
	£ 5,131	19
	8	3
	356	7

An inference that may fairly be drawn from above accounts is that the amount £4 6s 6d is an item of transfer for £2 3s 3d posted in reverse, i.e. Town Debtors being credited in error for Country Debtors.

TEST IV—No. 3.

See *Advanced Accounts*, pages 124 onwards.

TEST IV--No. 4

See *Advanced Accounts*, pages 545 onwards.

TEST IV—No 5

Z LTD

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 1939

Cr

Dr

	£	s	d		£	s	d
To Stock, 1st Apr	3 271	10		By Sales			
Shipping Charges etc	5 471	10		Stock at close			
Gross Profit	96 048	10					
	£54 791				£54 791		
To Office Salaries etc	2 365			By Gross Profit			
Sundry Trade Expenses	1 736	17					
Director's Fees	300						
Depreciation—							
Plant etc	£810						
Fixtures	61						
Net Profit					36 048	10	
					£36 048	10	

APPROPRIATION ACCOUNT

Cr

Dr

	£	s	d		£	s	d
To Dividends Balance	2 500			By Net Profit from Trading and Profit and Loss Account			
	28 275	13					
	£30 775	13			30 775	13	
					£30 775	13	



TEST IV—No 5 (cont'd).

Z CO LTD
BALANCE SHEET AS AT 31ST MARCH 1939

[illegible]

TEST IV—No 5 (*contd*)

The following converted Trial Balance is for guidance of students but NOT called for as part of answer to question

TRIAL BALANCE (PARIS)

	Francs	Francs	£	s	d	£	s	d
Stocks 31st March 1938	1 164 870		6 471	10				
Purchases	3 499 632		19 447	8				
Wages and Salaries	1 146 825		6 371	5				
Manufacturing Expenses	188 820		1 049	—				
Creditors		1 110 006				6 166	14	—
Head Office Account		181 638				1 009	2	—
Remittance from H O		4 773 186				26 400		
Cash at Bank and in Hand	64 683		358	1		117	14	
Exchange Account (profit)								
	6 064 830	6 064 830	£33 693	10	—	£33 693	10	—
Stock, 31st March 1939—								
1 301 477 Francs — £7 230 3s								

Branch loss is arrived at as follows—

	£	s	d	£	s	d
Total of Debit Items				33 693	10	
Less value of—						
Stock at close	7 230	3	—			
Cash	359	7	—			
Branch profit	117	14	—			
				7,707	4	—
Branch Loss				£25 986	6	—

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